

Annex 1

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: DeA Agro II – Fondo di investimento alternativo mobiliare riservato

Legal entity identifier: DeA Capital Alternative Funds SGR S.p.A.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 80%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective of: ___%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

The Fund' has as its objective sustainable investments that contribute to the decarbonisation and to the increase of the resilience and efficiency of the Italian agricultural and agri-food sector, guaranteeing access to products that are healthy for people and the environment while promoting social characteristics, in accordance with the ESG strategy specifically defined by the SGR for the Fund. In particular, the Fund intends to make sustainable investments that will allow to:

- (i) decarbonize and increase resilience and efficiency of Italian agricultural and agri-food sector faced with changing climate conditions and, in particular, to:
 - reduce carbon intensity, through decarbonisation processes and emissions savings from soil carbon accumulation;
 - significantly increase the resilience of investments with respect to climate related risks, taking into account, in particular, agricultural activities and practices (including their manufacture, purchase, installation, design and promotion);
 - increasing agricultural resources' efficiency and circularity by adopting measures that aim to achieve a significant reduction in the consumption of input resources and food waste, as well as investments that aim to develop, produce or market agricultural technologies that enable a substantial reduction in the consumption of input resources;
- (ii) support the production of healthy products for consumers with favorable impacts to the environment and, in particular, to:
 - promote organic and sustainable products, investing in sustainable and organic agricultural and animal production activities, promoting dietary shifts towards food ingredients with a lower carbon footprint than the benchmark;
 - reduce investment's agriculture-related environmental impacts by investing in activities integrating the development of projects and procedures aimed at substantially reducing emissions of pollutants into air, water or land, other than greenhouse gas gases;
 - preserving biodiversity and ecosystems by investing in activities that integrate the development of projects and procedures that contribute to the conservation and protection of biodiversity or ecosystems, and in activities that integrate restoration measures aimed at fostering the recovery of ecosystems and their functions in a given area;
 - extending good practices across agricultural value chains, investing in processing activities in the agri-food value chain, with the potential, capability and leverage to extend good agricultural practices to raw material suppliers.

In this context, without prejudice to the climate and environmental connotations of the sustainable investments made by the Fund, social matters are also taken into account in the attainment of such objectives. In particular, in addition to ensuring compliance with minimum social and governance guarantees, the Fund intends to promote the following social characteristics:




- (i) training for professional qualification and development;
- (ii) improving the working conditions and well-being of workers;

(iii) workers' inclusion for cohesion and reduced disparities.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**




In order to measure the achievement of the sustainable investment objective, the SGR has identified specific key performance indicators (the "KPIs"), defined from time to time and updated in compliance with the reference regulations and international standards and best practices in the sector. It is understood that the SGR, taking into account the specificities of each investment and based on a materiality principle, reserves the right from time to time to select and employ only the most relevant criteria for each individual investment, monitoring the relevant KPIs.

In particular, the achievement of the sustainable investment objective will be measured, monitored and evaluated in accordance with the following KPIs, which can be associated with individual investments on the basis of the objective pursued¹:

1. Decarbonization, resilience and efficiency of Italian agricultural sector			
1.1 Decrease investment's product-related carbon intensity			  
1.1.1 Decarbonization			
Criteria	KPI		
	Definition	Measurement unit	Target
<ul style="list-style-type: none"> - Investments' overall product-related carbon intensity must be decreased by at least 10% with respect to the sectorial benchmark; or - potential to implement carbon savings, on the basis of either: <ul style="list-style-type: none"> o national agricultural and agro-food energy efficiency programs o energy (or GHG emission) savings certified by manufacturers, suppliers or installers; o the installation of PV panels or other equipment to generate renewable energy for own use and/or export to the grid; o the purchase of guarantee of origin certificates; <p>a positive list of measures set up by the EIF or any other transparent of proportionate method acceptable to the EIF that shows the improvement in carbon performance</p>	GHG intensity emissions/year (scope 1 & 2)	[tCO ₂ e/year/unit outcome] of	≤90% of specific sectorial benchmark (product related emission intensity)
1.1.2 Soil carbon accumulation (applicable to agricultural activities)			




¹ The Fund in the exercise of its activities focuses, in relation to each objective, on the pursuit of the following SDGs (*UN Sustainable Development Goals* - SDGs): #2 Zero hunger; #3 Good health and well-being; #7 Affordable and clean energy; #12 Responsible consumption and production; #13 Climate action; #14 Life below water; #15 Life on land; #17 Partnerships for the goals.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.






Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Adoption of regenerative agricultural management practices, (e.g. reduction of land movement, use of rotation/integration with legumes, use of green manure cover crops, fertirrigation using crop residues, use of organic soil improvers such as compost, fermented manure and digestate) and promotion of crops that favour nitrogen fixation in the soil by reducing the need for non-organic fertilisers ² .	Emissions savings (current and after holding period)	Ref. to ANNEX V of EU Regulation 2022/996	Significant improvement of soil carbon accumulation with respect to the baseline
1.2 Increase investment's resilience with respect to climate related risks			 
1.2.1 Climate resilience			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
<ul style="list-style-type: none"> - significant increase in the climate resilience of conducted agricultural activities, compared to the sector benchmark, through the implementation of plants (including their production, purchase, installation, design and promotion) and the adoption of agricultural practices that enable mitigation of their effects) - physical climate risk assessment and implementation of at least one mitigative measure per material risk as emerged by the assessment - the adopted mitigation measures should be aligned with the measures promoted and recommended by the EU Common Agricultural Policy. 	Physical climate risk assessment		Climate risk assessment performed + implementation of at least one mitigation measure for each relevant risk
1.3 Increase agricultural resources' efficiency and circularity			
1.3.1 Resource efficiency Implementation			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Adoption of measures with the direct aim to achieve a significant reduction in input resource consumption (including but not limited to water, energy, land, fertilizers, livestock, etc., guided in any case by the	Adoption of resource efficiency measures across the		Implementation of at least 1 material measure enhancing resource efficiency with respect to the reference benchmark

² In order to evaluate the effectiveness of the implemented measures, emissions savings from soil carbon accumulation will have to be calculated according to the calculation methodology set in Annex V of EU Regulation 2022/996.

<p>materiality principle) with respect to the baseline.</p> <p>Eligible measures need to result in either decreased resource input requirements or substantial reduced losses or waste benefits as a result of the new process/technology; moreover, they should be aligned with the measures promoted and recommended by the EU Common Agricultural Policy.</p>	entire holding period		
1.3.2 Food losses and waste valorization			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
<p>Adoption of measures with the direct aim to reduce the amount of produced food losses and waste (FLW) and/or enhancing FLW valorization. Such measures shall include the development of a FLW inventory, yearly reporting according to the Food Loss and Waste Protocol standards, and development of policies and initiatives to valorize FLW.</p> <p>It is expected that, by the end of the holding period, valorized FLW will be at least equal to 90% of the total produced FLW.</p> <p>In order to measure, manage, reduce and report food loss, investments are required to apply the Food Loss and Waste Protocol, aiming to reduce their produced FLW and to channel it to destinations with a valorization of the waste (i.e., use of FLW or collection and haul by other entities). This includes animal feed, bio-based materials, anaerobic digestion, composting, etc.</p>	<p>Adoption of measures aimed to reduce FLW and enhance FLW valorization + Valorized FLW / total FLW</p>	% (valorized FLW / total FLW)	<p>Implementation (current or within holding period timeframe) of at least 1 material measure + Valorized FLW ≥ 90% of total FLW</p>
1.3.3 Resource efficiency enablement			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
<p>Development, production or commercialization of agricultural technologies aimed to enable a substantial reduction in resource input (including but not limited to water, energy, land, fertilizers, livestock, etc., guided in any case by the materiality principle) going beyond “business as usual”.</p> <p>Eligible investments must include within their offering a majority of products/services (≥ 50% of associated revenues) directly aimed at increasing resource efficiency of agricultural activities and demonstrate to enable reduction for an amount that is at least comparable to best available technologies. Documental evidence</p>	<p>% of resource efficiency product-related revenues + Products specifications and description of resource efficiency drivers</p>	Revenues %	<p>Product offering including at least 50% of revenues from products/services enabling a significant reduction in input resources for agricultural purposes</p>

shall be provided to explain the rationale of the savings enabled.			
Support the production of healthy products for consumers with favorable impacts to the environment			
2.1 Promote organic and sustainable products			  
2.1.1 Sustainable & organic agriculture			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
<p>Investments in sustainable and organic agricultural and animal production activities:</p> <p>a) conducted by certified operators, which do not lead to the conversion, fragmentation or intensification of use of natural habitats (particularly areas of high-biodiversity value)³; or</p> <p>b) sustainable agriculture practices as recognized at national and international level, as well as sustainable certification and standard schemes (e.g., Council Regulations (EC) No 834/2007 and (EU) 2018/84833, Rainforest Alliance, Global GAP, PAC, Red II, ProTerra).</p>	Percentage of products covered by sustainable and/or organic certification	Covered products %	100% of production certified with respect selected certification
2.1.2 Low carbon diet			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
<p>Promotion of dietary shifts towards food ingredients with lower carbon footprint with respect to the benchmark; investments, in order to be eligible, need to have carried out an LCA or similar study, quantifying the carbon footprint of the of product, or in any case be able to provide documental evidence of the carbon reductions enabled by the product in relation to the relevant benchmark.</p> <p>The relevant benchmark can be constituted by either:</p> <p>a) carbon footprint of a comparable product produced with a "business as usual" approach;</p> <p>b) carbon footprint of an alternative product, provided that it is more widespread and comparable in terms of</p>	GHG product-related intensity emissions (scope 1, 2, 3)	[tCO ₂ e/year/unit outcome] of	≤90% of specific sectorial benchmark (product related emission intensity)

³ Certifications may include international and EU organic/biological agriculture certification

its alimentary use and destination, as well as nutritional value.			
2.2 Reduce investment's agriculture-related environmental impacts			 
2.2.1 Pollutants reduction			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Investments in activities integrating the development of projects and procedures aimed to substantially reduce emissions of pollutants into air, water or land (other than greenhouse gases). ⁴	Pollutants emitted (as listed in EU Reg. 2019/1021)	[t of pollutants / year / unit of outcome]	≤90% of baseline
2.3 Preserve biodiversity and ecosystems			
2.3.1 Biodiversity & ecosystems conservation			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Investments in activities integrating the development of projects and procedures that contribute to the conservation and protection of biodiversity or ecosystems, including: a) sustainable land use and management, including adequate protection of soil biodiversity, land degradation neutrality and the remediation of contaminated sites; b) sustainable agricultural practices, including those that contribute to halting or preventing the degradation of soils and other ecosystems, deforestation and habitat loss.	Adoption of agroforestry practices for the entire holding period		Implementation of at least 1 material measure enhancing investment's biodiversity protection practices with respect to the reference benchmark
2.3.2 Biodiversity & ecosystems restoration			
Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Investments in activities integrating restoration measures designed to assist the recovery of ecosystems and their functions in a given area, to some degree of their former state	Extent of habitat restoration or enhancement	[m2/year]	≥110% of the baseline
2.4 Extend good practices across agricultural value chains			 
2.4.1 Sustainable agricultural value chains			

⁴ Pollutants are intended in accordance with the Directives 2000/60/EC, 2004/35/EC (35), 2004/107/EC (36), 2006/118/EC, 2008/50/EC (37), 2008/105/EC, 2010/75/EU, (EU) 2016/802 (38) and (EU) 2016/2284 (39) of the European Parliament and of the Council.

Alignment Criteria	KPI		
	Definition	Measurement unit	Target
Investments in transformation activities within the agri-food value chain with the potential, capability and leverage to extend good agricultural practices to their suppliers of agricultural raw materials ⁵ .	% of direct suppliers of agricultural raw materials implementing the same good practice	% of procurement spent	≥ 80% for one measure ≥ 65% for two measures ≥ 50% for three or more measures
Additional requirement: investments eligible under this criteria will be required to monitor the following KPIs on their direct suppliers of agricultural product: emissioni GHG Scope 1 & 2; attività in aree ad alto rischio di biodiversità (y/n); presenza di un piano di gestione della biodiversità; violazione dei principi UNGC e OCSE; sistemi di conformità ai principi UNGC e OCSE			

In addition, as mentioned, the Fund also intends to promote social features, which will be monitored according to the following KPIs :

Promotion of social characteristics	
<u>Training for professional qualification and development</u>	
Explanation	KPI
Promoting investment in educational programs, workshops, and vocational training for agricultural workers. This involves encouraging lifelong learning and skill development to adapt to evolving agricultural technologies and practices, ensuring higher motivation and retention of workers as well as the development of capabilities which favor their professional development as individuals.	Hours of training provided / year (#); Hours of training provided / worker (#); Professional certificates issued / year (#); Active partnerships with universities, foundations or other educational institutions/year.
<u>Social development of disadvantaged / isolated rural areas</u>	
Explanation	KPI
Promotion of projects or initiatives that improve the working conditions and wellbeing of workers, in particular the implementation of infrastructural improvements for the benefit of workers and the provision of specific facilities and services to increase their quality of life at work.	Number of initiatives and projects benefiting employees/year(#); Employees covered by supplementary health insurance / total employees (%); Amount spent on initiatives, facilities and/or projects benefiting employees and/or their working conditions / year (€).
<u>Workers' inclusion for cohesion and reduced disparities</u>	
Explanation	KPI

⁵ Good practices should be intended as the measures, activities and practices described within the present framework, specifically with respect to the following criteria: (i) Decarbonization; (ii) Soil carbon accumulation; (iii) Climate resilience; (iv) Resource efficiency implementation; (v) Food losses and waste valorization; (vi) Sustainable & organic agriculture; (vii) Pollutants reduction; (viii) Biodiversity & ecosystems conservation. The implementation of said practices should involve direct (tier 1) suppliers of agricultural raw materials. At least one of the measures of the framework should be consistently implemented. If one measure is selected, 80% of direct agricultural procurement spent is required to implement it; if two measures are selected, 65% of direct agricultural procurement spent is required to implement them; if three measures are selected, 50% of direct agricultural procurement spent is required to implement them. The KPI will be calculated considering the selected measures only (excluding any other measure which is not consistently implemented across the majority of suppliers).

Promoting the implementation of fair wages and equal conditions and opportunities for all agricultural workers, fostering inclusivity and the reduction of disparities among agricultural workers. This aims to create a more inclusive and cohesive workforce, with the objective to ensure workplace harmony and increase workers' motivation, satisfaction and well-being.	Foreign workers / total workforce (%); Female workers / total workforce (%); Gender pay gap (PAI indicator) (%) Hours of language training provided / year (#).
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● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

Sustainable investments are selected by ensuring that they do not cause significant harm to any other environmental or social objective (DNSH test, "Do no significant harm") as defined by the EU taxonomy or according to sustainable development goals adopted by the United Nations. As the agricultural sector is not covered by the taxonomy, the Fund uses PAI indicators ("Principal Adverse Impact") and additional KPIs and specific analyses to monitor its compliance with this principle.

In particular, the Fund pays attention to the following aspects in relation to each objective:

- climate change mitigation: calculation of GHG emissions, carbon footprint, share of non-renewable energy consumption and production;
- climate change adaptation: climate screening risk analysis, climate adaptation plan;
- sustainable use and protection of water and marine resources: measurement of emissions, water use and recycling;
- transition to a circular economy: measurement of hazardous and radioactive waste ratio, non-recycled waste ratio, food waste produced;
- prevention and reduction of pollution: measurement of water emissions, hazardous and radioactive waste ratio, emissions of inorganic pollutants, air pollutants and ozone depleting substance;
- protection and restoration of biodiversity and ecosystems: assessment of activities adversely affecting biodiversity-sensitive areas, lack of sustainable agricultural/territorial practices, operations affecting endangered species, lack of biodiversity policies;
- minimum social safeguards: violation of UNGC and OECD principles, lack of UNGC and OECD compliance processes

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund evaluates the environmental and social impact of its investment universe using multiple indicators of the main negative effects. The Fund, in relation to each objective pursued, takes into account not only the mandatory PAIs set out in Table 1 of Annex I of Delegated Regulation (EU) 2022/1288, but also certain additional PAIs, as set out in the previous paragraph.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The SGR does not make investments in companies (i) that are involved in violations of the principles of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on

Business and Human Rights; and (ii) that do not have policies in place to monitor compliance with these guidelines and principles.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes

The SGR considers the Principal Adverse Effects (PAI) on sustainability factors during its investment activity, through the methods described in detail in the section of this document focused on the investment strategy. In particular, the Fund requires the investee companies, through the VCT, to share quantitative data necessary for the calculation of the PAI indicators (listed in Tables 1, 2 and 3 of Annex 1 of the Commission Delegated Regulation (EU) adopted on 6 April 2022) together with the other KPIs that allow monitoring the achievement of the Fund's sustainability objectives. The PAIs are then calculated through another dedicated proprietary tool, and are actively monitored in order to take possible mitigating actions (e.g. with respect to substantial changes in the value of a specific indicator).

No



What investment strategy does this financial product follow?

The Fund, without prejudice to the sub-paragraph "What is the sustainable investment objective of this financial product?", is focused on investments in companies (including start-up or early stage companies) operating in an environmentally sustainable manner in the agricultural and agro-industrial sector. In particular, for illustrative and non-exhaustive purposes, the Fund may invest in, and set up, companies operating in all segments of the economy involved in the cultivation, production, farming and primary transformation and in the related distribution and marketing of agricultural and/or food products, as well as in companies operating in the sector of technologies supporting the cultivation and agribusiness transformation, also with the aim of creating/consolidating integrated agricultural supply chains.

In order to achieve and monitor the Fund's sustainable investment objective, the SGR ensures that the impact of each investment is assessed at different stages:

- (i) in the pre-screening phase by, *inter alia*, conducting an identification of relevant ESG factors and making an initial assessment of the target company's potential alignment with the Fund's policy,⁶ and identifying relevant applicable KPIs;
- (ii) in the due diligence phase by, (a) assessing the target company's ability to manage ESG issues, (b) carrying out an assessment of the alignment (gap analysis) of the identified criteria (also prospectively); (c) compiling a "Value Creation Tool (VCT)" to establish the relevant ESG planning and monitor its improvements; and (d) conducting a climate risk assessment⁷;
- (iii) in the implementation phase of the investment and signing of the relevant agreements, by defining mutual obligations in order to reach the ESG thresholds as defined by the framework⁸;
- (iv) *in itinere*, through, *inter alia*, the drafting of an ESG action plan and the semi-annual monitoring of performance, also involving the collection of data on PAI and in any case

⁶ Alignment with at least one criteria is a binding investment requirement.

⁷ Climate-related risk assessment is conducted on all the investments (as set out in the Action Plan provided to the Bank of Italy)

⁸ Mutual agreement on the strategic roadmap is a binding requirement for the investments.

enabling the monitoring of compliance with the DNSH principle⁹ as well as alignment with the defined framework; at this stage, and at the outcome of the above-mentioned activities, a semi-annual report summarising the overall ESG performance and outlook is also drafted;

- (v) *ex post*, at the time of divestment, in the reporting phase and in the evaluation of the results achieved throughout the life of the Fund, in order to make assessments supported by quantitative information, where applicable¹⁰.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding elements that, in the implementation of the investment strategy, are used to identify the Fund's investments aimed at achieving the sustainable investment objective concern, in particular, their suitability to contribute to the decarbonisation and increase of the resilience and efficiency of the Italian agricultural sector, guaranteeing access to products that are healthy for people and the environment while promoting social characteristics, in accordance with the ESG strategy specifically defined by the SGR for the Fund, without prejudice to the application of the KPIs.

In addition, as a mandatory element of the investment strategy, the Fund does not invest in any project involving enterprises carrying out their business, even marginally, in one of the following sectors (the "Exclusion Lists"): (i) trade or production of firearms, armaments, military-type supplies or ammunition¹¹; (ii) in tobacco activities predominantly; (iii) gambling or gambling-related products; (iv) production or distribution of spirits; (v) production or distribution of pornographic and child pornographic material ; (vi) production or marketing of electronic solutions or programs that are specifically designed to illegally allow: i) access to electronic networks; ii) downloading of data in electronic format; (vii) human cloning; or (viii) which violate the UN PRI or the inspiring principles of the so-called socially responsible investments (*i.e.*: transparency, integrity and adequacy) according to the guidelines of international associations of operators in the sector.

● **What is the policy to assess good governance practices of the investee companies?**

Good governance practices of investee companies are assessed on the basis of solid management structures, staff relationships, staff remuneration and compliance with tax obligations, also with a view to substantially reducing corruption and bribery in all their forms, as well as for tax, legal and anti-money laundering compliance purposes. In the case of investments in companies without mature or established governance structures (e.g. newly established companies, start-ups, etc.), the SGR will in any case require their implementation downstream of the investment.

Furthermore, good governance practices are subject to evaluation, considering *inter alia*:

✓ **sound management structures**

The Fund supports companies and their governing bodies with an approach that is consistent with the creation of long-term sustainable value, ensuring effective management of strategic, operational and substantive ESG factors, also taking into account the interests of the main stakeholders.

⁹ Corrective actions will be implemented in the presence of obstacles or non-alignment to DNSH .

¹⁰ For criteria measured with qualitative objectives, a scientific explanation of the thesis will be provided .

¹¹ It is understood that such restriction does not apply as long as these activities are part of or ancillary to European Union policies and comply with the relevant European Union regulations.

✓ **employee relations**

Companies must base their relationships with their employees on fair and transparent practice.

✓ **Staff Remuneration**

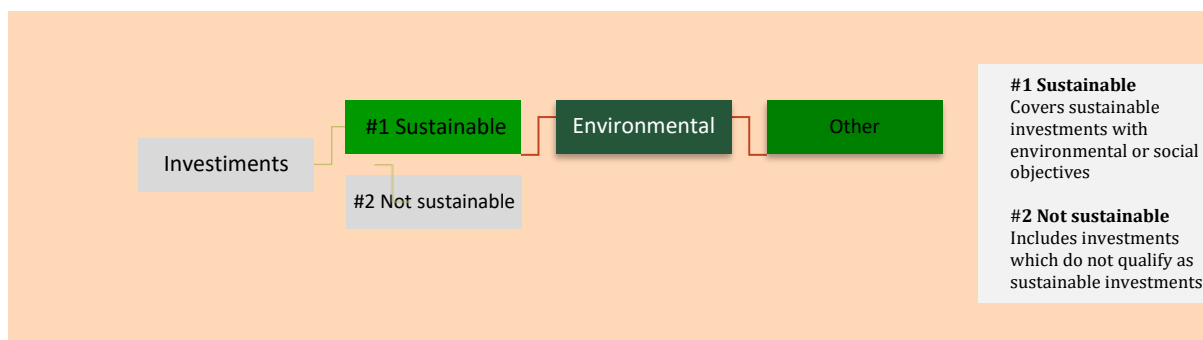
The Fund expects that the companies' governing bodies implement a remuneration structure that adequately incentivises and remunerates staff and is linked to performance in line with the interests of its shareholders, including the creation of sustainable long-term value.

✓ **Tax compliance**

Companies must have appropriate accounting systems and solid control structures.

What is the asset allocation and the minimum share of sustainable investments?

The Fund intends to make a minimum proportion of **sustainable investments with an environmental objective** of 80% of the invested portfolio, in economic activities that are not considered environmentally sustainable according to the EU taxonomy.



Asset allocation
describes the share of investments in specific assets..

● **How does the use of derivatives attain the sustainable investment objective?**

The Fund's assets may be used to buy and/or sell derivative financial instruments for risk hedging purposes only.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Although agriculture is not covered by the taxonomy, the Fund still aims to achieve climate and environmental targets. In order to verify compliance with the DNSH principle in relation to the six sustainability objectives currently defined by the European taxonomy, the Fund uses the monitoring of the PAI indicators and additional KPIs and specific analyses.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹²?**

Yes:

¹² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



In Fossil Gas



In nuclear energy

 **No**



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

In line with the above, the Fund intends to pursue sustainable investments with an environmental objective in the agricultural and agro-food sector, with the first not included in the EU taxonomy.



What is the minimum share of sustainable investments with a social objective?

The Fund does not pursue sustainable investments with social objectives.

Without prejudice to the above, it aims to promote certain social characteristics (training for professional qualification and development, social development of disadvantaged / isolated rural areas and workers' inclusion for cohesion and reduced disparities).

What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The SGR reserves the right to make investments that may not be allocated to the pursuit of the Fund's sustainable investment objective within the 20% limit. These investments, for which no maintenance/improvement KPIs will be defined, may be made in the same sectors as those included in the Fund's investment policy, according to market opportunities or in cash for treasury needs. In this sense, minimum environmental or social safeguards are adapted, without prejudice to the application, also in relation to such investments, of the Exclusion Lists and ESG pre-screening and due diligence activities, including climate risk exposure assessments, as well as the monitoring of PAI indicators, also in relation to such investments.



Where can I find more product specific information online?

More specific information on the product can be found on the SGR website in the ESG area.



Are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.