

## ESG POLICY

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## 1. GENERAL PART

This Policy (hereafter, the "**ESG Policy**"), approved by the Board of Directors of Quinta Capital SGR S.p.A. (hereafter, the "**SGR**" or "**Quinta**"), is aimed at illustrating the ESG (*Environmental, Social and Governance*) criteria that characterise Quinta's organisational structure and investment activity. By way of example:

- **Environmental Factors (E):** CO2 emissions, air, water and soil pollution, hazardous and non-hazardous waste, biodiversity, culture of reduced consumption and recycling;
- **Social Factors (S):** investment projects that contribute to collective wellbeing (e.g. *social, senior and student housing*), accessibility, *comfort, health and safety*, improved labour and union standards, gender, health and safety policies, *data privacy*;
- **Governance Factors (G):** impact on corporate governance practices, including remuneration policies and management of conflicts of interest, board composition, integrity and ethics, diversity of all genders and equal opportunities.

The ESG Policy informs investors and all relevant *stakeholders about the* approach adopted by the SGR in relation to ESG issues in its operations and is flanked, without any limitation or impediment, by the investment policies set out in the Regulations of the managed funds in order to ensure that the investment activities taken as a whole are carried out in the interest of the funds' subscribers, with the aim of increasing the value and sustainability of the investments over time, mitigating negative externalities.

The ESG Policy has been formulated taking into consideration the requirements of European legislation on sustainability in the financial context, and in particular Regulation (EU) 2088/2019 (hereinafter, the "**SFDR Regulation**"), related legislation and guidelines developed in this regard by the European Supervisory Authorities.

## 2. INTERNAL ORGANISATION

The SGR integrates ESG criteria into its business ethics, *governance*, organisational system, risk management and human resources management. In particular:

- *Business Ethics*

Quinta operates in accordance with the principles of professional ethics and transparency, through the adoption of and compliance with Model 231 and the Code of Ethics, ensuring proper management of conflicts of interest and risks related to corruption, money laundering and terrorism. The SGR also undertakes to select *partners and outsourcers in line with the requirements of the relevant regulations*, as well as on the basis of their commitment to sustainability, verifying that principles and values are aligned with those of the SGR.
- *Governance and organisational system*

- Quinta's **Board of Directors** plays a steering role in the SGR's sustainability strategies, policies and plans and periodically verifies the application and progressive implementation of the ESG Policy.
- The **Managing Director** is the person within the Board of Directors responsible for implementing Quinta's sustainability strategies, policies and plans, and for ensuring the integration of ESG factors in the development, investment and valorisation of portfolios under management.
- The **Risk Management & Evaluation Function** supports the Managing Director and the Board of Directors in assessing risks related to ESG issues, both with regard to the SGR and to investments, also through the identification of appropriate risk indicators;
- The **Compliance Function** supports the Managing Director and the Board of Directors in assessing the compliance of the SGR and the funds with the SFDR and related regulations;
- The **Structuring & Acquisition Function** supports the Managing Director in the implementation of investment strategies by following the preparatory activities for the finalisation of investments, including any *ESG due diligence* to be carried out in the pre-acquisition phase, if required in relation to the type of fund and its classification under the SFDR;
- **The Fund Manager / Portfolio Management** supports the Managing Director in the implementation of the investment strategies, with particular reference to the management of the *assets* in the portfolio, activating the necessary interventions for the promotion of the characteristics or the achievement of objectives for AIFs classified as Article 8 or 9 according to the SFDR Regulation, and the monitoring of the related results (e.g. involvement of *tenants*, *property managers* and stakeholders, coordination of interventions, etc.).

The Board of Directors may also set up an 'ESG Committee' and/or appoint an 'ESG Manager' in an advisory capacity, at the proposal of the CEO, in order to formalise roles and responsibilities on sustainability issues and give greater impetus to the ESG Policy implementation activities.

- Sustainability Risk Management

The SGR integrates sustainability risks into its *risk management* system through the Risk Management Function in order to take into greater consideration the potential impacts of these risks on the SGR's operations and investment strategies, as better described in Chapter 3.

- Human Resources Management

The SGR is aware that the sustainability and growth of the company are guaranteed by the value of its people and firmly believes that human capital is a resource to be protected, enhanced and strengthened. When selecting personnel, Quinta guarantees respect for the principles of equality and equal opportunities, making assessments based on the criteria of merit and competence and avoiding

forms of discrimination and favouritism. On the other hand, as far as the professional growth of human resources is concerned, the SGR offers equal opportunities to all subjects, avoiding arbitrary discrimination, guaranteeing everyone the same career opportunities and basing all relations on the principles of fairness, correctness and loyalty and on meritocratic criteria. The SGR considers the growth and wellbeing of its personnel as fundamental and to this end undertakes to guarantee adequate working conditions, drawing inspiration from the best *standards of* health and safety in the workplace.

The SGR also envisages that its internal training plan will address issues relating to sustainable development and finance, as well as good practices in the environmental, social and *governance* fields, with reference to the real estate context (e.g. energy efficiency, use of eco-sustainable materials, *smart building*, etc.) and *private equity*. The training plan will also be aimed at illustrating the principles and actions that the SGR intends to implement in the area of sustainability, with particular regard to ESG investment criteria and related methodology.

Lastly, it should be noted that the SGR, in order to incentivise its staff to behave in line with the ESG strategy and reference regulations, has launched a programme to integrate objectives linked to ESG issues and sustainability risk management into its remuneration and incentive policies.

### 3. INVESTMENT STRATEGY

The SGR's activities include the management of financial products operating in the real estate, *private equity* and credit sectors. The investment in *assets* that contribute to sustainability objectives defined by the United Nations (so-called *Sustainable Development Goals* or "SDGs") is considered by the SGR as an opportunity for development and value creation in the long term. In fact, Quinta is aware of the strong connection between the financial returns of investments and ESG issues and, with this in mind, integrates these at all operational levels, both on behalf of the SGR and for the funds managed by it, also taking into account the classification of AIFs according to the SFDR Regulation.

The company currently manages:

- financial products that fall under the product category of Article 6 of the SFDR, integrating sustainability risks but not promoting environmental or social characteristics within the meaning of Article 8 and not having sustainable investments as an objective within the meaning of Article 9 of the SFDR;
- financial products that fall into the category of products referred to in Article 8 of the SFDR, integrating sustainability risks and promoting environmental or social features, but not having sustainable investments as an objective within the meaning of Article 9 of the SFDR.<sup>1</sup>

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<sup>1</sup> The Camplus Long Term fund, classified as Art. 8 under the SFDR Regulation, promotes the following characteristics: **Characteristics 'A'** - (i) mitigation of climate change impacts through investments aimed at a more efficient use of resources, (ii) promotion of sustainable mobility among users

With this in mind, at the level of managed AIFs, the SGR's ESG strategy provides for a level of application commensurate with the investment objectives of each fund and its classification under the SFDR Regulation. In any case, as a responsible investor, Quinta promotes the evolution towards sustainable *business* models in its activity on behalf of the managed funds, providing transformational capacity, specific expertise and full support in the management of risk opportunities and ESG matters, as specified in chapter 5.

In light of the above, when planning new real estate development initiatives and managing its own funds, the SGR undertakes:

- for real estate FIAs, to implement operations of reconversion, redevelopment and recovery of *assets*, *in order* to reduce the consumption of resources and land, improve their energy *performance*, enhance urban spaces and improve the living conditions of local communities;
- for all FIAs, to also invest in initiatives that contribute to the development of collective *welfare* and/or to implement projects that foster community development and welfare.

In addition, the SGR proposes not to invest in assets that are prohibited by the biodiversity conservation legislation of the country in which the project takes place, or by the main international conventions relating to the protection of biodiversity or cultural resources. It is also proposed not to invest, or to acquire or develop, directly or indirectly, in:

- properties in protected or prohibited natural areas for the conservation of biodiversity,
- buildings used for the extraction, storage, transport or production of fossil fuels

and excludes from the tenants of the managed real estate AIFs and from the *target* investments of the managed *private equity* AIFs, those engaged in production or marketing activities or whose activities are related to

- controversial and banned weapons under the main international conventions;
- pornography and prostitution;
- prohibited substances in the jurisdiction where the property is located;
- endangered or protected wildlife.

The list of exclusions is not exhaustive and may be extended to additional excluded and/or prohibited activities as defined by the SGR and/or the subscribers and potential investors.

Finally, the SGR recognises the importance of proper management of ESG risks for the protection of the value and profitability of the assets in which the

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end-users. **Characteristics 'S'** - (iii) enhancement of reception facilities dedicated to secondary education and young workers, (iv) increase in the inclusiveness of spaces, comfort and well-being of end-users of Fund-owned facilities, (v) safety and respect for the rights of workers and tenants of Fund-owned properties and contractors involved in development interventions.

funds under management and, to this end, has defined special guidelines and policies for the integration of sustainability risks in business processes and investment decisions, in the management and development of managed portfolios, which include

- the integration of the map of risks to which *assets* and funds under management are exposed with the inclusion of sustainability risks;
- analysis and measurement of the risks to which investments are exposed, including sustainability risks, by means of appropriate parameters and risk indicators of both a qualitative and quantitative nature;
- assessing, through sustainability risk analysis, the main negative sustainability impacts related to investment decisions and fund management;
- the preparation of periodic risk reporting with the definition, where appropriate, of actions to mitigate sustainability risks to which *assets* and funds under management are exposed.

Therefore, the SGR integrates sustainability risks into the investment decision-making process by adopting specific assessment parameters, which are then precisely broken down according to the investment strategies defined for each individual AIF, providing in this context to (i) complete the investment risk profile, (ii) identify any opportunities for intervention, (iii) estimate the impact of the identified risks on the valuation process and (iv) assess its consistency with the AIF's classification under the SFDR.

#### **4. INVESTMENT ANALYSIS AND MONITORING**

The SGR considers ESG profiles in the investment analysis, selection and monitoring processes and in the risk management system. In particular, the assessment of ESG factors as part of the investment process may include the following steps:

##### *1. Assessment of investment opportunities*

When assessing new investment opportunities, the SGR takes into account, in addition to the traditional parameters of analysis, also the most relevant ESG profiles in consideration of the type of investment and the relative *asset class* by conducting specific *due diligence* activities aimed at investigating risks and opportunities connected to the investment. The methodologies employed and the parameters subject to assessment take into account the investment strategies of each AIF and its classification pursuant to the SFDR Regulation. Where deemed necessary or appropriate, *due diligence* analyses are also conducted with the support of consultants with specific ESG expertise.

With particular reference to ESG risks, the SGR has equipped itself with a special *tool* that, through both a qualitative and quantitative analysis, provides a summary judgement with respect to exposure to physical and transitional climate risks. If during *due diligence* an "average" or "high" risk exposure emerges, the SGR, if deemed

necessary or appropriate, it may conduct further investigations to be carried out already in the pre-investment phase or directly in the post-acquisition phase, considering possible mitigation measures for the identified risks.

## 2. *Investment Management*

The ESG profiles considered most relevant to the characteristics of the investment and/or fund are monitored and considered during the management of the *asset* and the related improvement plans. Whenever possible, when negotiating the most relevant contracts (e.g. in the case of leasing and/or taking equity stakes in *target* companies), the SGR assesses the opportunity to share any ESG *performance* targets with the counterparties and to provide specific clauses for the disclosure of data and information useful for reporting on ESG impacts.

For real estate development and redevelopment projects, ESG factors are considered in the choice of materials and locations, plant and architectural solutions that also take into account the *standards of* voluntary environmental sustainability certifications and protocols (e.g. LEED, BREEAM, etc.), adopted from time to time.

With specific reference to funds classified under Article 8 of the SFDR, the SGR also:

- carries out structured data and information collection with a view to reporting to stakeholders, also in order to identify opportunities for enhancing and improving ESG *performance*, particularly in the environmental field;
- promotes, where the prerequisites are met, the creation and development of real estate initiatives and/or the implementation of investment policies (both for real estate FIAs and *private equity* FIAs) with social aims, which involve and develop the local communities concerned (social *housing*, *cohousing* and social residences for the elderly, student residences, investments in the health/medical sector, etc.).

## 3. *Investment exit*

Finally, at the disinvestment stage, the SGR assesses the results of measures taken and activities undertaken to achieve specific ESG *performance* that may be expected from the funds according to their classification under the SFDR Regulation.

## 5. STAKEHOLDER ENGAGEMENT

The SGR is committed to dialogue with third parties with whom it has business or collaboration relations, encouraging them to act responsibly and in accordance with the ESG values of the SGR as defined in this Policy. In particular, the SGR is committed to engaging and raising awareness on ESG issues:

- of its service providers (e.g. *property* and *facility management*) in order to improve the monitoring of the ESG *performance* of *assets* and



facilitate the achievement of the set sustainability *targets*.

- of the tenants and investee companies of *private equity* funds, due to the primary role they play in the implementation of the SGR's ESG strategy as users of the buildings and/or, in general, as holders of the information necessary to improve ESG *performance*.

## **6. TRANSPARENCY AND REPORTING**

In accordance with the SFDR, the SGR integrates and periodically updates both internal and external reporting on ESG issues, with particular reference to the management of investments and related risks.

This activity includes, *inter alia*, the following aspects:

- The integration of ESG aspects within the pre-contractual information provided to potential subscribers (e.g. offer documents), consistent with the fund's classification and related obligations under the SFDR;
- the inclusion in management reports of appropriate information on the implementation of ESG strategies and related *performance*, consistent with the fund's classification and obligations under the SFDR;
- the publication on the website of the disclosures required by the SFDR Regulation according to (i) Article 3 - transparency of sustainability risk policies, (ii) Article 4 - transparency of negative sustainability effects, (iii) Article 5 - transparency of remuneration policies with regard to the integration of sustainability risks, as well as (iv) Article 10 - transparency of the promotion of environmental or social characteristics and sustainable investments on websites.

## **7. POLICY IMPLEMENTATION AND UPDATING**

The SGR is committed to following and implementing the principles expressed in the ESG Policy by adapting its organisational structure and periodically reviewing its operational processes, decision-making processes, and the tools and methodologies that support them, and consequently integrating the company's practices and *body of regulations*.

The Policy is updated annually in order to take into account the progress made by the SGR on ESG issues and to ensure constant alignment with legislation and the transposition of industry *best practices* on sustainability.

The Policy is made available to all SGR employees in order to integrate ESG values within the company and *business* processes and is made public on the SGR's institutional website.