



EQUITA Capital SGR

Responsible Investment Policy



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EQUITA Capital SGR: Responsible Investment Policy

EQUITA Capital SGR S.p.A. (hereinafter also “EQUITA” or “the Asset Manager”), part of **EQUITA Group**, is an Asset Management Company founded in 2019 with the objective of creating a solid platform dedicated to the management of liquid and illiquid assets on behalf of its investors.

EQUITA believes that companies doing business in an ethical and sustainable manner are more likely to succeed, thus benefiting both investors (EQUITA’s clients) and society. Furthermore, we acknowledge that environmental, social and governance factors alongside traditional financial measures have a direct impact on returns and investments risks, thus recognizing a strong relationship between ESG factors and long-term performance of investments. With this understanding, **EQUITA** is committed to integrating environmental, social and governance (ESG) considerations across the entire investment process. This commitment is tailored to the characteristics of each asset class, with the dual goal of delivering long-term value to our investors and generating a positive impact for all stakeholders.

The investment strategies of EQUITA span public and private equity, as well as private debt. In line with the **EU Sustainable Finance Disclosure Regulation (SFDR – Regulation 2088/2019)**¹, EQUITA classifies products into three categories:

- **Article 9 products**, which pursue a **sustainable investment objective** – such as reducing carbon emissions – and currently include one fund focused on infrastructure projects in solar, onshore wind, and biogas, aligned with the **EU Taxonomy Regulation (2020/852)**² and contributing to climate change mitigation.
- **Article 8 products**, which promote environmental and/or social characteristics, either by selecting companies with strong ESG profiles (best-in-class approach) or by supporting companies in improving their ESG performance over time (ESG integration approach).
- **Article 6 products**, which do not explicitly promote ESG characteristics or objectives.

In this context, EQUITA has aligned its investment practices and disclosure obligations with the requirements set out by the SFDR (particularly Articles 6, 7, 9, 10 and 11), as well as the EU Taxonomy. Furthermore, the Asset Manager is actively implementing the **Bank of Italy’s supervisory expectations on climate and environmental risks**³, by integrating these considerations into the governance structure, strategic planning, organizational model, risk management systems, and reporting practices. EQUITA also considers the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**⁴, particularly in the areas of climate risk identification, scenario analysis, and transparency towards investors and stakeholders and includes the results of these considerations in the Asset Manager’s Climate Report.

In a constantly evolving regulatory landscape, the Asset Manager remains vigilant and committed to keeping our practices aligned with the latest European regulations, new standards, and emerging market expectations.

This Responsible Investment Policy reflects the **core operative principles of EQUITA’s ESG strategy**. It is designed to be a flexible and evolving tool to guide ESG integration across our investment decisions, while

¹ For more information: [SFDR Overview](#)

² For more information: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

³ For more information: [Banca d’Italia’s website](#)

⁴ For more information: <https://www.fsb-tcdf.org/>

also responding to the needs of the portfolio companies and aligning with long-term sustainability goals. Through this document, **EQUITA** aims to transparently communicate its approach, governance, and commitments around responsible investing to all stakeholders.

Paolo Pendenza (CEO of EQUITA Capital SGR)

Policy approved by the Board of Directors of EQUITA Capital SGR on 15 December 2020

First review: 14th December 2022;

Second review: 19th December 2023;

Last review: 11th December 2025

Reference to international frameworks

Since November 2019, **EQUITA Capital SGR** has been a signatory of the **United Nations Principles for Responsible Investment (UN PRI)**⁵, formally committing to integrate ESG factors into all aspects of its investment activities. Its adherence to the six PRI principles guides EQUITA to:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Actively engage as responsible owners by embedding ESG considerations into our ownership policies and practices;
3. Seek comprehensive ESG disclosures from the companies and entities in which we invest;
4. Promote the adoption and implementation of responsible investment principles across the industry;
5. Collaborate with other investors to enhance the effectiveness of ESG integration;
6. Transparently report on our progress and activities related to these commitments.

This framework enables EQUITA to understand and manage the investment implications of ESG factors holistically, embedding them throughout the investment process to deliver value in a socially responsible manner.

In developing the Responsible Investment approach, EQUITA also draw on the ten principles of the **UN Global Compact**⁶, the **International Labour Organization (ILO) conventions**⁷, the **InvestEU Regulation**⁸, the **EU Taxonomy Regulation**, ensuring a broad and balanced ESG perspective. Moreover, EQUITA have committed to implementing the **Bank of Italy's supervisory expectations on climate-related and environmental risks**, as well as the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**. These frameworks guide us in embedding climate considerations into our governance, business model, organizational structure, operational processes, risk management framework, and disclosures to ensure transparency and resilience.

While recognizing the critical urgency of transitioning to a low-carbon economy in line with scientific evidence, EQUITA embraces a **Just Transition** approach — **addressing environmental, social, and governance factors equally and supporting a fair and inclusive transformation**. The Responsible Investment process is designed to support the climate change goals set by the **Paris Agreement**⁹, as well as to advance the **United Nations Sustainable Development Goals (UN SDGs)**¹⁰. This involves assessing climate-related risks and opportunities, engaging with portfolio companies on ESG factors broadly, and integrating these considerations within our investment and fund management processes.

EQUITA tailors management practices and disclosures to **meet SFDR requirements** according to each fund's classification. EQUITA strives to be fully accountable for the implementation of this Responsible Investment Policy by maintaining transparency through public disclosures. **EQUITA** regularly publishes relevant information on its [website's Sustainability section](#), ensuring stakeholders are kept informed about our

⁵ For more information: <https://www.unpri.org/>

⁶ For more information: [Homepage | UN Global Compact](#)

⁷ For more information: [Conventions, Protocols and Recommendations | International Labour Organization](#)

⁸ For more information: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/investeu_en

⁹ For more information: <https://unfccc.int/process-and-meetings/the-paris-agreement>

¹⁰ For more information: <https://sdgs.un.org/goals>

sustainability risk management, principal adverse impacts (PAI), impact considerations, and the promotion of environmental and social characteristics in the investment processes in place.

Scope

This Responsible Investment Policy applies to:

- Private market funds (equity and debt)
- Public market funds (equity and debt)
- Infrastructure funds (equity and debt)

The Policy is adopted across all active portfolio investments, with approaches tailored to the characteristics of each asset class and market type. This differentiation reflects the varying degree of influence **EQUITA** can exercise over investee entities when integrating ESG criteria into their activities and operations¹¹.



Where relevant, certain aspects of the Policy may also apply to prospective investments under due diligence, to ensure alignment with the responsible investment principles from the earliest stages of the investment process.

Sustainability Pillars

In line with the CSR Strategy pursued at Group level, **EQUITA**, both in its role as an asset manager and at the investment level, is committed to the following sustainability matters:

ESG Commitments	Description	SDGs
Climate Change and Energy Efficiency	Facing climate change by supporting the definition of Greenhouse Gases (GHG) emissions reduction targets and related decarbonization initiatives both at asset manager and at investment level. This also involves creating awareness on climate change related aspects, setting an effective carbon footprint monitoring system, implementing energy efficiency solutions and developing climate-related risk management best practices	
Employee Development and Wellbeing	Supporting employees' growth, engagement, and retention through the development of supportive working environments, ensuring labor rights and granting health and safety working conditions and welfare measures both at asset manager and at portfolio company	

¹¹ For further details on the engagement principles and practices, please refer to EQUITA Capital SGR's ESG Engagement Policy: [ESG Engagement Policy](#)

	level	
Diversity, Equity & Inclusion	Strengthening human resources practices fostering diversity and inclusion, eliminating all forms of discrimination, diminishing disparities, and promoting equal opportunities at workforce, management and board level	
Education and Partnerships	At asset manager level, through EQUITA Foundation, and within the investments, encouraging and promoting the establishment of relationships with universities and schools to guarantee access to education by providing, for example, scholarships and to foster the creation of employment opportunities by offering internship programs and promoting "integrated school - work linked training" projects with local schools	

These sustainability pillars represent the foundation of **EQUITA** 's Responsible Investment approach and guide all investment decisions across asset classes and fund strategies. This Policy is designed to accompany and support product-specific ESG analyses and frameworks, ensuring a consistent and coherent application of sustainability principles throughout the investment process.

In this context, the Management Team of the funds classified under Article 9 of the SFDR incorporates ESG criteria, as defined by the European Taxonomy Regulation, into the investment decision-making process. While the primary objective remains contributing to climate change mitigation, these funds also integrate ESG factors to assess compliance with the **Do No Significant Harm (DNSH) principle** and **Minimum Social Safeguards (MSS)**, in line with regulatory requirements

Responsible Investment Governance

The observance and implementation of this Responsible Investment Policy is overseen by the Chief Executive Officer (CEO) of **EQUITA Capital SGR**, who holds overall responsibility for its supervision and enforcement. The CEO is supported by the **ESG Committee**, a body appointed by the Board of Directors of **EQUITA Capital SGR** with advisory functions.

The ESG Committee is composed of **five voting members**:

- the Board Member responsible for Private Debt Management, who also serves as Chief Executive Officer of the Asset Manager and acts as Chair of the Committee
- the Board Member responsible for Portfolio Management, who also serves as Vice-Chair of the Asset Manager
- the Board Member responsible for Private Equity
- the EGIF ESG Officer
- the ESG Specialist of the Asset Manager

The decisions of the ESG Committee must be made unanimously.

In addition, the ESG Committee includes the following **non-voting participants**:

- An ESG Ambassador¹²
- The Head of Compliance of the Asset Manager
- The Head of Risk Management of the Asset Manager

The ESG Committee plays a central role in ensuring the effective implementation and continuous improvement of EQUITA Capital SGR's ESG strategy. Its key responsibilities include:

- proposing and evaluating strategic ESG initiatives, as well as monitoring the effectiveness of ESG-related investment policies
- assessing and coordinating, with the support of the investment team, the ESG Specialist and Ambassadors, and the Compliance and Risk Management functions, the periodic review of the Responsible Investment Policy
- defining the minimum ESG criteria for products classified under Articles 8 and 9 of the SFDR
- prioritising ESG initiatives based on strategic alignment, available budget, and potential synergies
- overseeing the execution of ESG initiatives and evaluating their sustainability outcomes
- monitoring the submission and quality of responses to the UN PRI Transparency Report
- identifying and assessing material ESG risks and opportunities and management of their risks, with the support of the Risk Management function
- reviewing the monitoring outcomes of Principal Adverse Impacts (PAIs), setting related reduction targets, and evaluating mitigation based on data reported by the funds' management teams

¹² EQUITA has nominated two ESG Ambassadors, who are currently contributing to the development of ESG topics, working together with the ESG Committee and the ESG Specialist.

- promoting a culture of environmental and social responsibility within and beyond the organization, including through periodic ESG-related training initiatives

In addition to the responsibilities assigned to the ESG Committee, clear accountability is established at both the organizational and portfolio company levels to ensure the effective execution of ESG principles throughout the investment process.

- At the **SGR level**, each Board member, who is also responsible for the Offices (Private Debt, Private Equity and Infrastructure) is accountable for ensuring the operational implementation of the Responsible Investment Policy within their respective areas of oversight. This includes, for instance, ensuring transparent ESG reporting, supporting UN PRI compliance activities, and monitoring ESG performance at the portfolio level.
- At the **portfolio company level**, the board of directors and senior management are responsible for shaping the ESG strategy of investee companies, supported by **EQUITA** 's investment teams. They are also expected to ensure the timely and transparent disclosure of material ESG information.

Responsible Investment Process

EQUITA Capital SGR is a multi-asset and multi-strategy investment management company, active across both private capital and public equity markets. As part of its long-term commitment to responsible finance, and in line with leading international standards, the firm has adopted a Responsible Investment approach that integrates ESG factors across the entire investment lifecycle. This integration is tailored to the specific nature of each fund and asset class, reflecting differences in investment strategy, market context, and degree of influence over portfolio companies. This approach builds on the governance structure, sustainability pillars, and oversight mechanisms described in the previous sections, ensuring consistency and accountability throughout the investment process.

Public market funds

Before the investment

In line with Principle 1 of the UN PRI (*"we will incorporate ESG issues into investment analysis and decision-making processes"*), **EQUITA** adopts a selection methodology that integrates ESG factors in the investment decision-making process. The integration of ESG considerations is the direct responsibility of the portfolio management team, which embeds sustainability analysis into the security selection and portfolio construction phases for public market investments.

To support this, a **risk-based screening** is performed by the portfolio management team also relying on databases from external specialized data providers to complement the internal analysis.¹³ Specifically, regarding ESG risk-based screening analyses, **EQUITA** relies on **MSCI ESG Ratings**¹⁴. In detail, the investment

¹³ For example, the team conducts analyses of publicly available information on issuers – e.g., non-financial disclosure reports.

¹⁴ Or any equivalent providers with similar characteristics (in terms of databases's breadth).

process requires the assessment of the identified material ESG topics alongside traditional financial factors when forming an investment decision about a specific company or the overall portfolio structure.

This ESG integration process involves a two-steps analysis:

- **Security research:** identification of financially material ESG issues that may affect the valuation of securities
- **Portfolio allocation:** assessment of how the inclusion of a specific security affects the portfolio's overall ESG profile, including its aggregate ESG rating

All the portfolios¹⁵ managed by the team must meet the following minimum conditions:

- an **MSCI rating equal¹⁶ or above BBB¹⁷**
- a **maximum of 20% aggregate exposure to instruments either (i) without an MSCI ESG rating, or (ii) issued by non-European entities with a rating below BBB**
- a **maximum of 15% aggregate exposure in companies that generate at least 50% of their revenues from defence activities**, provided that all such activities comply with international¹⁸, European, and national regulations, including those governing defence and security. Within this context, it's important to emphasize that:
 - a. Any activity that violates the above regulations is automatically excluded
 - b. Any activity directly or indirectly related to controversial weapons (including nuclear, biological, chemical weapons, landmines, cluster munitions, anti-personnel mines, depleted uranium, and white phosphorus, blinding laser weapons, non-detectable fragments), is automatically excluded and cannot be considered, even for a preliminary screening assessment
 - c. The following indicative and non-exhaustive defence-related activities¹⁹ may fall within the eligible investment universe, provided that conditions (a), (b) are fully satisfied:
 - Research, development, and industrialisation of defence systems (e.g., prototypes, dual-use technologies, testing, certification);
 - Manufacturing and integration of military platforms (aerial, naval, terrestrial, and space-based), including unmanned and autonomous technologies;
 - Modernisation of existing systems (e.g., communications, avionics, propulsion);
 - Cyber defence and secure communication systems;
 - Intelligence, surveillance, reconnaissance, and early-warning systems;
 - Development and protection of critical defence infrastructure;
 - Logistics and operational support (fuel, ammunition, warehousing, transport, MRO);
 - Infrastructure dedicated to national or collective defence (e.g., bases, command centres);

¹⁵ Excluding derivatives, ETFs and Government Bonds.

¹⁶ Calculated as the weighted average of individual stock ratings.

¹⁷ Or any equivalent rating.

¹⁸ Relevant international frameworks include: the Ottawa Treaty (Anti-Personnel Mine Ban Convention); the Convention on Cluster Munitions; the Chemical Weapons Convention; the Treaty on the Non-Proliferation of Nuclear Weapons.

¹⁹ In defining this list, we considered the criteria set by the European Defence Bond Label. For more information: <https://www.euronext.com/en/list-products/bonds/european-defence-bonds>

- Dual-use technologies with a clear strategic security purpose (e.g., quantum computing, robotics, advanced optics);
- Securing supply chains critical to defence and security, including reshoring initiatives;
- Space and satellite infrastructure used for secure communications and military operations.

It is the responsibility of the Portfolio Management Team to apply the considerations outlined, if necessary, with the support of the ESG Specialist of EQUITA.

During the holding period (monitoring)

The portfolio management team periodically monitors the portfolio companies' performance also from an ESG perspective. Specifically, the portfolio ratings are monitored on a **quarterly basis**.

Should the rating not meet the target on any given assessment date, the portfolio management team needs to take all the remedy actions to restore compliance with the minimum target rating within two months from the assessment date.

Investments related to the defence sector are subject to enhanced scrutiny. Specific attention is given to compliance with all applicable international, European, and national regulations, as well as EQUITA's Responsible Investment Policy. All qualitative assessments related to the admissibility of investments remain the responsibility of the Portfolio Management Team. In addition to the assessment performed by the Portfolio Management Team, the Risk Management function carries out periodic checks to ensure compliance with the first two conditions outlined above regarding MSCI's rating (cf. to page 10).

Private market funds

Before the investment

All potential investments are subject to a **multidimensional screening process** to ensure the business practices of target companies align with the ethical standards to which EQUITA is committed.

During the pre-investment phase, the Investment Team, with the support of the ESG Specialist, using a **proprietary ESG Pre-Screening tool**, verifies that the target is not involved in any sectors included in the exclusion list, as specified below.

- **Negative screening:** specific sectors may be excluded from the investable universe as defined and disciplined in each fund's investment rules. Specifically, at minimum, each fund shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:
 - a) whose **business activity consists of an illegal economic activity** (e.g., any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes); or

- b) which **substantially focus** on:
- I. the production of, and trade in, **tobacco** and related products;
 - II. **gambling**, casinos and equivalent enterprises;
 - III. the production of, and trade in, **pornographic material**;
 - IV. the research and development of technical applications relating to **electronic data programs or solutions**, which:
 - aim specifically at supporting any activity referred to under items (i) to (iii) above;
 - are intended to enable to illegally:
 - enter into electronic data networks; or
 - download electronic data.
 - V. extractive activities and/or production of electricity connected with **thermal coal**.
- c) In addition, when providing support to the financing of the research, development or technical applications relating to (i) **human cloning for research or therapeutic purposes** or (ii) **genetically modified organisms (GMOs)**, the investment teams shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.
- d) **Defence activities** that violate international, European, or national regulations—including those governing defence and security—and any activity directly or indirectly related to controversial weapons (including nuclear, biological, and chemical weapons; landmines; cluster munitions; anti-personnel mines; depleted uranium; white phosphorus; blinding laser weapons; and non-detectable fragments) are automatically excluded and cannot be considered, even for a preliminary screening assessment. **EQUITA** recognises the evolving geopolitical context and the growing need for responsible engagement with the defence sector. To this end, **EQUITA** has refined its approach to defence-related investments, allowing investments in defence activities that strictly comply with international, European, and national laws. The Investment Team is responsible for applying these conditions at the very beginning of the Investment Process, prior to the investment due-diligence phase. Should the opportunity progress to the next stage, the ESG due diligence includes a dedicated verification to ensure that all policy requirements are met before proceeding. Accordingly, any exposure to defence-related activities within private-market portfolios is subject to **enhanced ESG scrutiny** by the ESG Committee and must comply with EQUITA's overarching Responsible Investment Policy, including all exclusion criteria related to controversial weapons, nuclear arms, and relevant international conventions.

- **Negative norm-based screening:** Companies whose operations are not in compliance with national or international norms are excluded from the investable universe.

After the exclusionary screening, an **ESG materiality analysis** based on target's characteristics is carried out to identify the target's **potential material ESG topics**. This activity is performed in accordance with **Sustainability Accounting Standards Board's sector-based approach** and supported by internal analysis and proprietary tools, when applicable. In particular, **EQUITA ESG Pre-screening and Due Diligence Tool**

allows **EQUITA** to identify environmental and social characteristics that may be promoted by the target, especially for products aligned with Article 8 of EU Regulation 2019/2088 (SFDR)²⁰.

In parallel, a preliminary **maturity assessment** is carried out — typically involving ESG Vendor Due Diligence reports and interviews with the target's management — to assign an ESG risk score to potential investments. Where potential ESG risks are identified, a more **in-depth ESG Due Diligence** is conducted, with the support of external ESG advisors where necessary, to thoroughly evaluate the target's ability to manage the material ESG issues and related risks and opportunities. The results of the ESG assessment — including identified risks, proposed mitigation actions, and the overall ESG risk rating — are summarized in the Investment Memorandum and presented to the Investment Committee. These findings, alongside traditional financial analysis, contribute to the overall investment decision-making process.

During the holding period (monitoring)

During the ownership phase, the ESG criteria are included in the **ongoing assessment of portfolio companies**.

Specifically, on a **semi-annual basis** the portfolio management team monitors ESG performance across the portfolio, including compliance with minimum risk-based criteria. In addition, periodical controls are performed by the Risk Management Function to guarantee compliance with the negative and norm-based screenings features defined in the previous paragraph.

More in depth, the investment team periodically receives a completed **ESG Data Collection and Monitoring tool from each portfolio company**. This tool is tailored to the company's material ESG topics and relevant KPIs, with the objective of monitoring:

- **Principal Adverse Impact (PAI) on sustainability indicators** as listed in Tables 1, 2, and 3 of Annex I of the Commission Delegated Regulation (EU) adopted on 6 April 2022.
- **Specific KPIs for the monitoring of environmental and social characteristics promoted** and, where applicable, the implementation of an **ESG Action Plan**, in case of products aligned with art. 8 of the SFDR.

Based on the degree of influence **EQUITA** can exercise over the portfolio companies and the level of access to management, investment teams are committed to promoting:

- an **active dialogue** with portfolio companies on ESG issues
- the **adoption of a governance structure** that promotes accountability for ESG issues and that allows adequate monitoring of ESG issues
- the **definition and implementation of an ESG action plan** to enhance the ESG profile of the company object of investment

The approach to exercising influence varies depending on the investment type:

- In the case of **private equity investments**, the Asset Manager leverages its **voting rights** to support ESG initiatives, either by implementing formal **ESG action plans** or, in the case of minority holdings, by encouraging environmental and social improvements.

²⁰ Currently, EQUITA do not manage any private market funds that qualify as Article 9 under the SFDR.

- For **private debt investments** aligned with Article 8 of the SFDR, ESG performance is incentivized contractually by offering, when possible, an **interest rate reduction** conditional on the achievement of pre-defined, company-specific ESG targets.

Exit

ESG considerations are integrated and actively monitored across the full investment lifecycle — from origination to exit — to foster sustainable growth, mitigate risks, and enhance long-term value creation.

- In the context of **private equity investments**, the investment team recognizes the importance of improving the ESG profile of portfolio companies to **maximize value at exit**. ESG progress achieved during the holding period is assessed against the baseline established at entry. ESG best practices, targets met, KPIs tracked, and, where applicable, an ESG Vendor Due Diligence are consolidated into the exit materials shared with prospective buyers.
- For **private debt investments**, although exit pricing is contractually defined at inception, the team sees ESG performance as a **key driver of long-term credit quality**. ESG monitoring is conducted throughout the life of the investment, with regular tracking of progress against predefined targets.

Infrastructure funds

EQUITA has developed a Responsible Investment approach aimed at integrating ESG factors throughout the investment life cycle of the **EQUITA Green Impact Fund** (hereinafter also “EGIF” or “the Fund”).

Before the investment

In line with the ESG approach of the Asset Manager and the SFDR positioning of the Fund, all potential investments are subject to a multidimensional screening process to ensure the target assets’ business practices and activities are in line with the sustainable investment standards we are committed to:

- a) **Negative screening**: the Fund will exclude from the investable universe assets that operate in unethical sectors or are involved in extractive activities and/or produce electricity connected with thermal coal as defined in the Asset Manager Responsible Investment Policy and as further detailed in the Fund’s Rules.
- b) **Negative norm-based screening**: the Fund will exclude assets operating in businesses that do not comply with both national and international norms.
- c) **Climate Taxonomy eligibility**: the Fund will invest only in assets whose activities are eligible with respect to the European Taxonomy criteria for the respective renewable energy technology.

All potential investees are screened using a proprietary **ESG Due Diligence Questionnaire**, developed in accordance with international frameworks and covering the environmental, climate, and social risks and impacts related to the target asset. The questionnaire allows the Management Team to: a) identify the target’s material issues based on the sector, location, size, and development phase (i.e., greenfield or brownfield); b) assess the target’s level of maturity in managing the material issues (in terms of measures in place such as policies, responsibilities, strategies, procedures, monitoring and reporting systems, etc.); and c) verify the

degree of **alignment to the European Taxonomy**. Contracted parties and suppliers of all investees fall under the scope of the **ESG Due Diligence Questionnaire**.

ESG risks and opportunities that emerge from the pre-screening assessment are used to inform the scope of an ESG Due Diligence performed by a third-party specialist, which is performed on all potential investees. Negative ESG performance or low level of engagement will also be addressed at site visits to the assets which take place as a normal part of the due diligence process.

The results of the ESG Due Diligence analysis and assessments, including risks and mitigation measures identified, are then summarized in the Investment Memoranda and discussed during the Investment Committees to inform the investment decision. In case significant ESG risks which cannot be avoided, mitigated, or insured, are identified during ESG Due Diligence the Fund reserves the right not to pursue the investment. The results of the assessments and specific actions that aim to align the asset to the EU Taxonomy are included in an ESG Action Plan developed for the target asset, against which progress will be monitored periodically by the Management Team during the ownership phase. In this regard, to facilitate the implementation of the Action Plan, the Fund may include clauses in the documentation governing the purchase and ownership phase that require the investee management to take the appropriate actions.

During the holding period (ownership)

During the ownership phase, a proprietary **ESG Monitoring Questionnaire** is used to assess the ESG performance of portfolio investments based on predetermined KPIs, which are monitored on a semi-annual basis as a core part of the ongoing assessment of assets. Furthermore, after the investment has taken place, the Fund will begin to establish a **grievance mechanism** to collect and address any claims coming from external stakeholders and escalate this mechanism at Asset Manager and Group level.

The results of monitoring and potential corrective actions are included in the **ESG Action Plan**, which is regularly discussed with the management of the assets in portfolio. Based on the degree of influence exercised on the assets and access to assets' management, Management Teams are committed to promoting:

- An **active dialogue** with assets on sustainability issues;
- The **adoption of a governance structure that promotes accountability for ESG issues** and that allows adequate monitoring of sustainability issues;
- Initiatives aiming to **improve and maintain the sustainability profile of the assets**.

Exit

The Management Team recognizes the relevance of improving the sustainability profile of assets to maximize their value at the exit. In particular, the Management Team assesses the **ESG-related improvements** achieved during the ownership phase by each asset in portfolio with respect to the performance assessed during the pre-investment activities. The exit documentation will include an analysis of ESG best practices implemented, targets achieved, KPIs monitored and the evidence of EU Taxonomy alignment. In specific cases, an ESG Vendor Due Diligence can be performed and included in the material provided to potential investors.

Management of entity-level Principal Adverse sustainability Impacts (PAI) from investment and advices

EQUITA Capital SGR recognizes the importance of **considering principal adverse impacts** on sustainability factors (hereinafter also “adverse sustainability impacts” or “PAIs”) arising from its investment decisions and investment advice, in order to generate a positive impact, in line with its ESG principles.

In this regard, **EQUITA Capital SGR** has adopted **specific policies** aimed at identifying, prioritizing, and managing PAIs, in compliance with the requirements laid down in art. 4 of EU Regulation 2019/2088.

Specifically, **EQUITA Capital SGR**, through a **risk-based approach that considers the type of investments made** and **their potential adverse impacts on sustainability factors** - and in line with its Sustainability Priorities - has prioritized a set of adverse impact indicators within the framework provided by the Regulator, based on a relevant criterion. This criterion considers the type, nature, and extent of **EQUITA Capital SGR’s** investments, the type of financial product it offers, as well as the availability data. For further information on the prioritized PAIs, please refer to the specific section on the Company website²¹.

EQUITA Capital SGR monitors on an aggregate basis, all the adverse impact indicators from the list in Table 1 – Annex 1 of the SFDR Regulatory Technical Standards, either quarterly or semi-annually depending on the type of investments, based on the availability of information. It is expected that the availability of PAI indicators will increase over time, driven by growing market attention, regulatory developments, and increasing pressure from investors and stakeholders. To monitor the adverse impact indicators of its investments, **EQUITA Capital SGR** has identified various data sources, tailored to the different types of investments it carries out.

- Specifically, regarding investments in **publicly listed companies**, information is acquired and monitored through specialized info-providers, covering the entire portfolio of investments made or subject to investment advisory services.
- For investments in **private companies**, the data required to calculate adverse sustainability indicators is obtained through specific ESG questionnaires submitted to investee companies. This methodology has the added benefit of strengthening the ESG dialogue with the investee and promoting greater disclosure on sustainability matters.

On a quarterly basis, the results of PAI indicators monitoring are shared with the ESG Committee, which among other responsibilities — is tasked with setting targets to reduce the principal adverse impacts on sustainability factors identified as priorities. The achievement of these objectives will be pursued through:

- **Engagement initiatives with investee companies on principal adverse impacts**: these initiatives, in addition to improving practices and performance on sustainability factors, aim to enhance both the quality and quantity of ESG disclosures.
- **Active shareholder initiatives** targeting equity issuers on principal adverse impacts.

²¹ [Responsible Investments - EQUITA Capital SGR](#)

Finally, in the case of investments in **listed issuers**, should the above initiatives prove ineffective and the PAI indicators show significant increases, **EQUITA Capital SGR** may consider reducing or divesting from specific investee companies.

All these actions are considered essential to reducing the principal adverse impacts on sustainability factors and to supporting **EQUITA Capital SGR**'s role — and that of the financial sector more broadly — as a facilitator of the sustainable transition in the coming years.

Reporting

EQUITA reports on an annual basis its progress related to the integration of ESG factors in the investment decision-making process through the **UN PRI Reporting Tool** available on the UN PRI website²² as part of its commitment as a signatory of the UN PRI. This transparent reporting allows for a self-assessment of responsible investment progress against an industry-standard framework, thereby enabling continuous improvement of internal processes and ESG capabilities.

Starting in 2025, EQUITA is also committed to providing an annual Climate Report, drafted in accordance with the TCFD recommendations.

Furthermore, the Asset Manager provides a report to investors that includes an ESG disclosure section at least on a semi-annual basis, or more frequently should any significant event occur (event-driven disclosure). Lastly, in accordance with Article 11 of the SFDR, EQUITA periodically discloses information about its products aligned with Articles 8 and 9 of the SFDR. For more information, please visit our website: [Sostenibilità - EQUITA Capital SGR](#).

²² For more information: <https://www.unpri.org/>

 **EQUITA**

WE KNOW HOW