



FININT
INVESTMENTS

Environmental, social
and governance

ESG POLICY

Updated version

1. Definitions	3
2. Overview	5
3. Objective of the Company in terms of ESG commitments	6
4. ESG strategy	10
5. ESG roles and responsibilities	12
6. The Action Plan	14
7. Sustainability approach	16
8. Integrated strategic guidelines with ESG objectives	19
9. Sustainable investments in securities funds	21
10. Sustainable investments in the real estate area	24
11. ESG aspects communication to stakeholders	27
12. Signing and review of the policy	28

I. DEFINITIONS

- ▶ **Committee for Sustainable and Responsible Investments (or ESG Committee):** body with proposal, consultative and decision-making (where required) function. Established in compliance with the ESG principles this committee promotes the continuous integration of environmental, social and governance factors in the Company strategy and in its sustainable investments processes. The Finint ESG Committee ensures the correct application of the ESG policy of Finint Investments, the monitoring of sustainable investments throughout its life and the engagement of ESG policy with all its stakeholders from the fund's investor to the fund provider.
- ▶ **Board of Directors:** corporate body that – according to the Italian Civil Code or by statutory provision – first promotes the Asset Manager internal regulations, its segregated assets, appoints and sets up the ESG Committee, with the objective of developing the sustainability activities.

Below are the areas of competence of the Board of Directors:

- ▶ Corporate governance: adopt corporate governance changes in order to be compliant with legal provisions and national and international sustainability best practices.
- ▶ Where possible, promote the continuous integration of environmental, social and governance factors in the corporate strategy and in the sustainable investment processes.

Define the Strategic Guidelines of Managed Assets integrated with sustainability principles
Identify and promote the most suitable ESG indicator assessment methodology for the OICVM with sustainable objectives

- ▶ Analyse, at least once a year, the sustainability report in order to monitor the sustainable assets and/or investments, as well as monitor the business initiatives undertaken in the management of the individual OICVM with the support of consultants (involved from time to time).
- ▶ **ESG:** acronym for Environmental Social Governance, refers to the non-financial aspects to be taken into consideration in assessing the sustainability of the investments.
- ▶ **Finint ESG Score:** score based on the satisfied KPIs. These KPIs have been identified with the objective to monitor the activity on Sustainable Products and/or Sustainable Investments.
- ▶ **Finint for Real Economy:** all the range of products of the Company that fall in the securities funds. This category includes private capital products and some of the activities carried out by NPLs and Restructuring (or Turnaround) products.
- ▶ **Bottom:** any mutual investment fund or any other asset entrusted to the SGR for management.
- ▶ **Proposing function:** each Front Office team who submits an investment opportunity to the decision-making bodies.

- ▶ **Target company (or only Target):** in the private debt space is the issuing company whose debt financial instruments are subscribed by the funds.
- ▶ **Sustainable Investments:** investments in economic activities and/or real estate assets that contribute to environmental (Environment) and social (Social) objectives as well as investments in companies that pursue policies of adequate corporate governance and organization (Governance).
- ▶ **Strategic Guidelines:** set of key main strategies for the management of a Fund, compliant with the Management Rules, in particular, with the limits and the investment policies stated by the Management Rules itself.
- ▶ **UCITS (Undertaking for collective investment of savings):** the body set up to provide the collective asset management service, whose assets are collected from a plurality of investors through the issue and offer of quotas or shares, managed in the interests of investors and independently from them as well as invested in financial instruments, credits, including those disbursed in favour of subjects other than consumers, drawing on the assets of the UCITS, equity investments or other movable or immovable assets, on the basis of a predetermined investment policy.
- ▶ **Products/Services (or only Products):** any financial instrument and investment service promoted by the SGR, in line with what is defined by the "Consolidated Law on Finance".
- ▶ **Sustainable Products:** two categories of sustainable products are identified: 1) financial products which have environmental and social characteristics, and that may also contain a share of sustainable investments; 2) financial products that have sustainability objectives or that generate an environmental and social impact. For both categories, it is possible to use or not the reference benchmark (sustainable or generic).
- ▶ **Finint Sustainable branded products (Also "Finint Sustainable products"):** these are funds that meet the characteristics of the second point of the definition of Sustainable Products as they pursue on a significant portion of the managed assets, in addition to performance objectives, also the sustainability objective (to generate an environmental and social impact).
- ▶ **Head of ESG:** role entrusted to the Company's Product Development Manager, who is responsible for coordinating and supervising the activities of the ESG Committee chaired by him/her/their and which he/her/their responds to the Company's Board of Directors.
- ▶ **Sustainability risk:** An environmental, social or governance event or condition which, if it occurs, could have an actual or potential material adverse impact on the value of your investment.
- ▶ **Company:** Finanziaria Internazionale Investments SGR SpA (also referred to as "Finint Investments" or simply "SGR").

2. OVERVIEW

The ESG Policy of Finanziaria Internazionale Investments SGR S.p.A. has been prepared with the objective of promoting **the principles of environmental, social and governance sustainability** (summarized by the acronym “ESG”) both internally and externally.

The assessment of Environmental, Social and Governance (ESG) risks and opportunities has become an **increasing area** of focus for both asset owners and investment managers. There is an increasing recognition that ESG risks and issues can have a material effect on the value of an issuer’s debt or equity and property investments as well.

The concept of sustainability has been a subject of analysis for economic science for several decades now; in 1992 the **Rio Conference of the United Nations** widely adopted the relationship between environment, economy and society to define a more comprehensive notion of economic development; thus began - in the 1990s - a season of further insights into the global conferences that led to the **Millennium Declaration of the United Nations General Assembly** in 2000, in which the Millennium Development Goals were defined, followed by the **Sustainable Development Goals – Sustainable Development Goals (SDGs)**, represented by 17 goals that different countries have committed to achieving by 2030.

In 2020 Finint Investments has started its journey to make sustainability a **strategic factor in the management of the SGR and its funds**. The application of the ESG principles of Finint Investments over time will have to adapt to regulatory requirements and the needs of clients who intend to pursue the development of sustainable investments. All this in an open dialogue to encourage discussion between manager and investor.

This document therefore seeks to:

- ▶ Lay out the Finint Investments’s approach to integrating ESG into our investment processes;
- ▶ Present the Sustainable and Responsible Investments Committee;
- ▶ Share the ESG communications strategy.

The policies outlined in this document apply to **Finint Investments** and its **Investment Funds managed**.

3. OBJECTIVE OF THE COMPANY IN TERMS OF ESG COMMITTMENTS

Table 1 – SDG Goals





Climate action and Affordable and clean energy

Finint Investments invests in the environment and energy sectors through funds dedicated to renewable energy development. Clean energy generated in a year is equal to 130 MW with investments of over 300 million euros.



Sustainable Cities and Communities

Finint Investments invests in the property sector, and constantly engages with the public and private sectors in order to promote urban re-development and regeneration.

The management and promotion of social housing funds allows inequality between the public to be reduced, encourages neighbourhood life and gives social benefits. Efforts are also made for the promotion and development of residential areas in outlying areas, far away from metropolitan areas.



Decent work and Economic Growth

Finint Investments manages products to support the real economy to help Italian SMEs. The companies in the portfolio honour working standards and conditions of work. The direct and indirect impacts on employment and on the Italian economic system that the Company generates through its investments are monitored.



Industry, Innovation and Infrastructure

As with the previous paragraphs (goal 8), since the Finint Investments investments are also aimed at Italian SMEs, it is possible to encourage innovation and technological development in companies through operations that accompany the target in their paths to growth.



Gender equality

The Company has a clear position on gender equality and undertakes to regularly evaluate the presence of women in significant positions in its organization and promote the role of senior women in the financial sector.



Good Health and Well-Being

Finint Investments supports the development of the healthcare system through property investments in Nursing Home Care in order to make healthcare services more accessible and senior housing as well.



Responsible Consumption and Production

Finint Investments guarantees sustainable production and consumption models with attention to the property sector, favouring the construction and investments in properties with high-level energy certification.

3.1 ESG Environment

The Company, aware of the negative effect that its activities may have for the environment, aims to operate in such a way as to reduce this impact as much as possible. In fact, during the management of the funds and their portfolios, it carries out an assessment of the environmental aspects to make companies and funds aware of the importance of protecting the environment.

3.2 ESG Social

The Company aims to guarantee appropriate working conditions in the companies that the funds manage and invests and promotes and supports the social development of the community in which the companies operate. Above all, it encourages a resource management approach aimed at safeguarding their skills and competences, pursuing a work culture based on equal opportunities, merit criteria and repudiating any form of discrimination.

3.3 ESG Governance

The corporate governance of the companies in the funds' portfolio represents one of the key principles underlying the responsible investment process of the SGR. In this regard, the Company, by ensuring the highest quality of management and members of the various governing bodies, promotes the achievement of high ethical standards in business conduct.

Finint Investments pursues specific ESG macro-objectives for securities and real estate assets which will be defined and planned from time to time by the Board of Directors on the proposal of the ESG Committee.






4. ESG STRATEGY

For Finint Investments, investing responsibly means systematically incorporating the ESG criteria into the traditional investment processes, regardless of the types of assets and/or investment strategy adopted, with the double goal of creating sustainable value while simultaneously reducing the overall risk. The pillars of the responsible investment policies of Finint Investments are based on:

- ▶ Regulatory screening based on exclusion criteria on laws, values, the involvement in controversial economic activities; Incorporation of ESGs by adopting suitable internal and external assessment models in addition to actively contributing to some of the goals proposed by the United Nation (Agenda 2030);
- ▶ Active impact through dialogue with operators.
- ▶ Reporting for clear and transparent communication with the outside and for its customers.

The ESG project in Finint Investments was not done just to be prepared for launching sustainable products for the future. A mapping has been made in all assets currently managed in the funds of Finint Investments, in order to extract data and characteristics that are perfectly integrated into the path that Finint Investments intends to follow on sustainability. The priority will be the respect of PRI parameters.

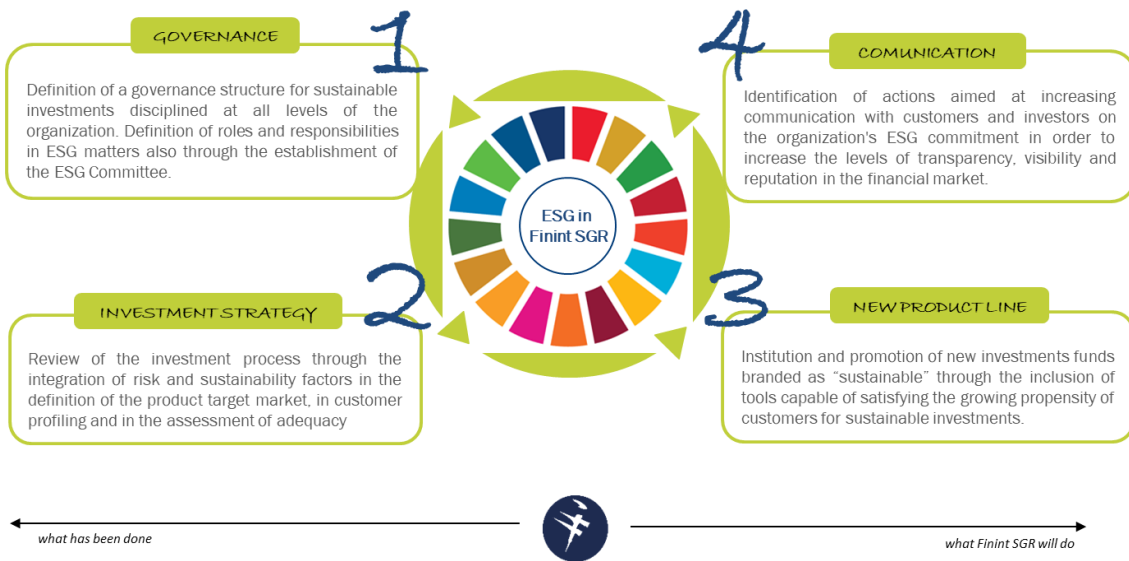
Finint Investments SGR ESG Funds

FUNDS WITH FULL ESG MAPPING	FUNDS WITH LIMITED ESG MAPPING
 <ul style="list-style-type: none"> ▪ Clean Energy ▪ Social & Student Housing ▪ Urban Redevelopment ▪ Property Income  <p>Public Rating</p>	 <p>OTHER FUNDS</p>
 <ul style="list-style-type: none"> ▪ Private Debt ▪ Private Equity  <p>Finint ESG Rating</p>	<ul style="list-style-type: none"> ▪ Multi-strategy ▪ Non Performing loans (NPLs) ▪ Debt Restructuring ▪ Distressed Real Estate ▪ Fixed Income ▪ Listed Equity

4. ESG STRATEGY

Finint for the Real Economy - Finint Investments has a range of funds that invest in the real economy which brings together all the funds structured to support the Italian Small and Medium Enterprises (SME's) system. This product family includes the private capital products like private debt and private equity. This product category can also pursue sustainable investments and in this case, it will return to the category of "sustainable fund".

In the process of integration aimed at including sustainable investments, Finint Investments is ready to launch sustainable funds on the market.



5. ESG ROLES AND RESPONSIBILITIES

Board of Directors: The administrative body has published the internal ESG policy and its separate assets of Finint Investments and has appointed and set up an ESG Committee with the objective of developing its business in a sustainable context.

The Committee performs propositional and consultative functions towards the Board to be compliant with national and international laws and best practices on sustainability

ESG Committee: The ESG Committee has:

- propositional, consultative and support role for the Board of Directors
- update SFRD information
- monitor and carry out activities necessary to maintain the PRI classification
- submit an ESG action plan to the Board of Directors at least annually
- present to the Board of Directors the ESG results of the internal ratings and GRESB
- acts as coordinator for the Funds' management teams to evaluate and monitor the ESG profiles of the assets under management, as well as defines the sustainability characteristics of products/services being set up
- coordinates ESG suppliers and consultants to carry out the envisaged ESG activities according to the envisaged action plan

Head of ESG:

- Draft and coordinate all the activities and documents under the responsibility of the ESG Committee
- Coordinate GRESB rating related activities and active approach regarding the management part of GRESB ratings
- Selection of suppliers and consultants in the ESG field
- Coordinate with Group training office for ESG training
- Support the front offices in the definition of ESG strategic guidelines

Technical office:

- Coordinate and support the front office teams in the definition of internal ratings and GRESB for the assets under management
- Coordinate and support the real estate front office teams to determine the investment strategy on ESG assets aligned with pre-set objectives

Investment Directors and Fund Managers:

- Define the strategic guidelines including the ESG activity for the funds under management
- Obtain internal rating on each individual investment in ESG scope

- Monitor on an annual basis, internal ratings on investments
- Identification of ESG risks on managed assets
- Identification of areas for possible ESG improvement and ESG management objectives on individual assets under management
- Draft any necessary ESG documentation and report on the basis of the agreements with investors and with the ESG legislation with regard to ESG scope funds and funds pursuant to art. 8 and 9 SFDR

Risk Management function:

- Define internal ESG rating
- Monitor and control ESG risks on assets under management - during the CTG, the risk management function will pay specific attention to the definition of ESG risks and the definition of principal aimed at mitigating them and/or the action plans envisaged to achieve the set objectives

6. THE ACTION PLAN

Finint Investments intends to adopt an action plan to support an improvement of the impacts generated on the external environment, assuming a respectful conduct towards the environment and people.

6.1 Human capital

Human capital is the main resource underlying all the activities of the Company. Finint Investments is committed to ensuring professionalism through an impartial and quality-oriented selection of its employees.

The evaluation of the performance and bonuses awarded to employees is based on objective measurements expected at the end of each year, comparing the objectives set with those achieved through an evaluation carried out by the resource manager, in compliance with the company procedures in force. For Product/Services that pursue sustainability objectives, specific evaluations will be assigned to the employees according to the actual result obtained by the managed Fund.

In addition, on the annual basis Finint Investments provides training courses for its employees. Since 2021, training courses have also been organised on the theme of sustainability.

Finally, enhancing human capital also means recognising the value of diversity as a key element for the diversification of knowledge and skills.

In the Company, the management of human resources is inspired by principles of non-discrimination, equal opportunities, and inclusiveness.

Therefore, the gender-quotas will be appropriately monitored to understand the comparison with the industry average and the evolution compared to previous years.

6.2 Environmental responsibility

Finint Investments has identified some measures to build up its contribution to environmental protection:

- efficient management of resources, consisting in conscientious consumption of energy and materials, with an efficient waste management system;
- action plans to limit energy consumption, while promoting the energy consumption from certified renewable sources;
- policies to save paper by limiting the printing of colour copies as much as possible;
- where possible, favour rail travel on high-speed routes, limiting travel by air as regards business trips;
- convert the company car fleet into hybrid and electric cars, depending on the progress made by car manufacturers.

6.3 Signatory of PRI

In establishing its sustainable approach, Finint Investments became signatory of UN PRI to pursue the goal of creating long-term added value, shared with investors and all counterparties, building strong relationships based on the recognition of the principles of responsible finance. PRIs are promoted by the United Nations aimed at fostering sustainable approaches in the financial sector and support the integration of environmental, social and governance issues into traditional investment processes.

The six principles for responsible investments are as follows:

- 1) Integration of ESG issues in investment analysis and decision-making;
- 2) Be active shareholders and incorporate ESG issues into the company's active shareholding policies and practices;
- 3) adequate communication on ESG issues by the entities in which the Company invests;
- 4) acceptance and application of principles in the financial sector
- 5) collaboration to improve the effectiveness of society in the application of the principles;
- 6) communication of the activities of the Company and progress in the application of the principles.

For Finint Investments, investing responsibly means systematically integrating ESG criteria into traditional investment processes, regardless of the type of asset and investment strategy adopted, with the dual aim of creating sustainable value while reducing overall risk.

7. SUSTAINABILITY APPROACH

The ESG Policies of Finanziaria Internazionale Investments SGR (also “Finint Investments” or “the Company”) are developed with the aim of divulging both internally and in its external relations the environmental, social and governance (also “ESG”) sustainability principles, promoting the engagement with its clients and suppliers.

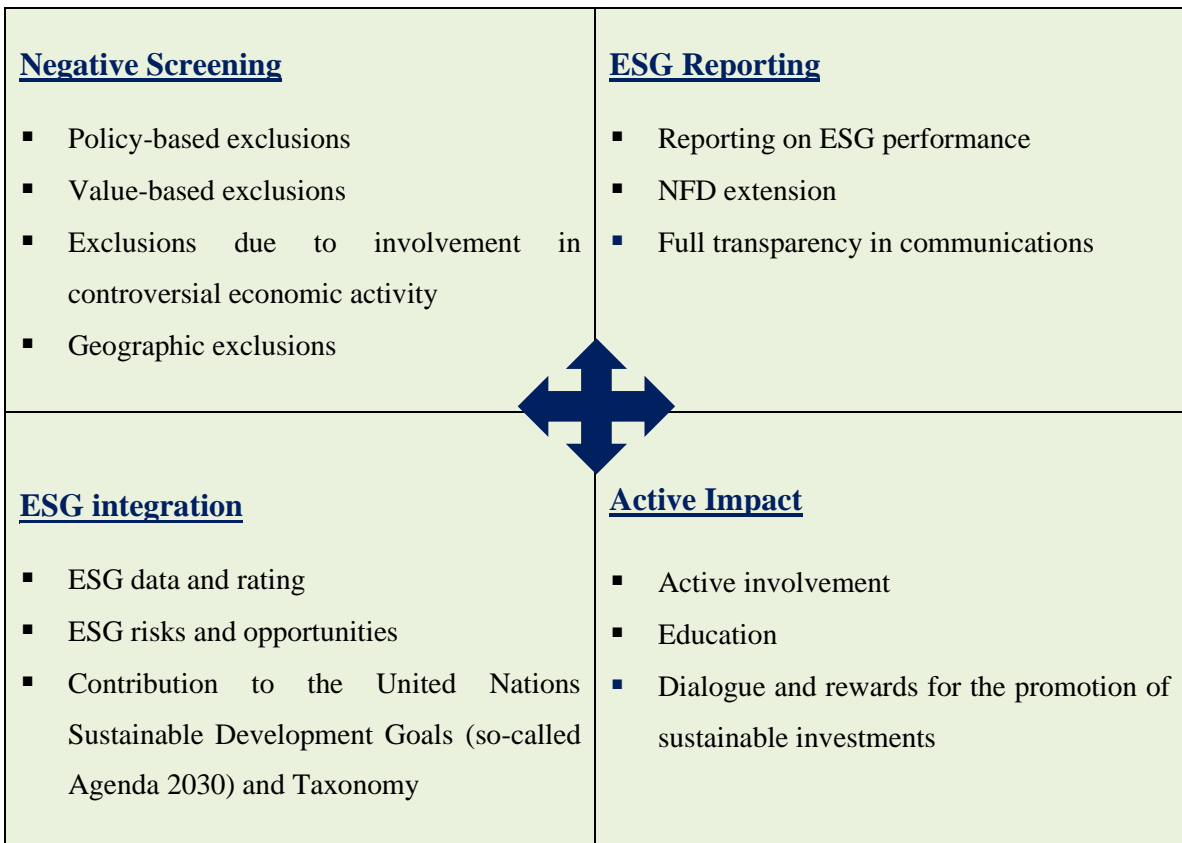
In establishing its sustainable approach, Finint Investments became a signatory of PRI (Principles for responsible investment). PRI is an initiative, promoted by the United Nations, that aims to foster sustainable approaches in the financial sector and into investment processes.

Additionally, Finint Investments identified the relevant sustainability issues on which it can act, with the ability to offer a concrete, real contribution to reduce certain risks identified by the United Nations in the Agenda 2030.

The Company has implemented an approach based on four key elements: *Negative screening, ESG reporting, ESG integration and Active impact.*

The need to add a sustainability brand is in line with the wish of the EU to create a "standard" brand of sustainable financing. To date, in the absence of a regulatory framework to follow for financial operators, the following can be related to the best practices adopted by other financial operators and the guidelines promoted by the PRIs.

The definition of the sustainable product policy of Finint Investments is expressed through a structured approach that benefits from the use of various management development techniques:



7.1 Negative Screening

In this phase, Finint Investments evaluates the activities that the investments will support, by excluding activities not in line with Finint Investments ethical values.

Finint Investments undertakes not to directly or indirectly support investments where the activities:



- comprise illegal economic activities (with these referring to the production or sale or other activities that are illegal in accordance with the law that applies to Finint Investments, its funds undermanagement or the companies that it invests in, including but not limited to human cloning for reproduction purposes).



- are substantially concentrated on the production and sale of tobacco, distilled alcoholic beverages and related products;
- are substantially concentrated on the production and sale of arms and weapons of any type, apart from cases in which these activities form part of, or in any case are further to European Union policies;



- are substantially concentrated on gambling and equivalent activities;
- are substantially concentrated on the purchase of gold and trading in precious metals on a retail basis;
- are substantially concentrated on the production or sale of pornographic materials;
- are substantially concentrated on human cloning or genetically modified bodies;
- are linked to companies that do not give any guarantees that they respect human rights in the exercise of their activities.

7.2 ESG Integration

ESG Integration requires specific ESG factors to be incorporated into the financial process analysis and portfolio construction of the funds under management, with particular attention to achieving a sustainable balance due to the complexity of the investments. ESG indicators can provide complementary information that allows to analyse the opportunities and risks associated with an investment decision; for example, more weight can be given to ESG criteria which in the long term could have a positive impact on investment returns. In the investment process, the systematic approach to the integration of ESG criteria allows to simultaneously meet the financial and sustainability objectives. The Company will use ESG research providers and rating agencies.

For the investments in the “equity funds”, which include equity investments in unlisted companies, financial instruments and receivables, Finint Investments will use the internal scoring, while for the investments in the real estate funds and property right, we will also use also external valuations.

With reference to funds pursuing sustainable investments, the ESG indicator assessment methodology, identified by the ESG Committee and approved by the Board of Directors, is updated by the same committee under the supervision of the Head of ESG at least annually or whenever necessary and is subsequently submitted to the assessment and approval of the Board.

Still with the aim of integrating ESG principles into the scouting and screening process of the assets in which each asset under management can invest, Finint Investments also identifies the main negative impacts of investments on environmental and social factors, inspired by what is highlighted by the Sustainable Development Goals (SDGs) and in line with the reference legislation. In particular, Finint Investments detects the main negative impacts using the internal rating.

7.3 Active Impact

Finint Investments encourages the adoption of internal protocols and procedures by the individual Target Companies aimed to identifying, preventing, and mitigating possible negative social and environmental impacts deriving from their commercial operations and from the main corporate strategies adopted. The Target Company entering the capital market will therefore have to acquire awareness of the need to implement sustainability policies internally so that the approach to Sustainability Risk appears more contained for investors.

7.4 ESG Reporting

Finint Investments periodically reports to its investors on the activities and results obtained from the implementation of the “sustainable finance” policies, highlighting the alignment of the management portfolio to the ESG criteria (absolutely and in relation to benchmarks).

8. INTEGRATED STRATEGIC GUIDELINES WITH ESG OBJECTIVES

Recalling the provisions of the current procedure governing the investment process of assets under management, on the occasion of the establishment of each Fund (or at the start of the management of the same, if the Company has taken over the management of the Fund from another management company) the Board of Directors defines the Strategic Guidelines which the Front Office team, assisted by the Investment Director, must comply for the identification and selection of possible investments to be submitted to the approval of the decision-making bodies.

If the Fund aspires to be classified as a Sustainable Product (Finint Sustainable Product or ESG Product), the Strategic Guidelines must be integrated with specific sustainable criteria on ESG matters, including, for example:

- identifying business sectors, geographical areas and characteristics that exclude particular investments;
- determining a "best in class" i.e. identifying business activities and organizational models towards which to direct the Fund's investments;
- encouraging the application of ESG ratings on the Fund or, alternatively, on the assets in which the Fund invests;
- providing the inclusion of the ESG rating in the economic and financial analyses of the investment;
- monitoring investments in issuers operating in sectors subject to exclusion restrictions.

The Company has therefore identified the ESG criteria (*ESG Strategic Guidelines* or *ESG Investment Strategies*) for each of the types of Funds currently managed, classified, for the purposes of this aspect, as follows:

- Private Capital Funds;
- Renewable Energy Funds;
- Real Estate Funds.

During the process of setting up a new Fund, the Investment Director in charge of the process, with the collaboration of the Sustainability Manager, will request the intervention of the ESG Committee to identify, with the support of the Front Office team dedicated to the project, which category the new Product belongs to. The new ESG Strategic Guidelines will be submitted to the attention of the Board of Directors and will form an integral part of the Strategic Guidelines defined by the latter. Alternatively, where the new Product does not fall into any of the above types, the ESG Committee will be asked to draw up new ESG Strategic Guidelines to be submitted to the deliberating bodies and to be applied to all the following Funds of the same category.

9. SUSTAINABLE INVESTMENTS IN SECURITIES FUNDS

Finint Investments has become highly specialized in the management of funds and products that invest in the real economy called “Finint for the Real Economy” to support the Italian SMEs. The impacts on GDP, employment and labour income are identifiable on these products.

We can distinguish between:

- **Direct impacts:** contributions generated through the performance of the respective economic activities by the Italian SMEs in which the Funds invest;
- **Indirect impacts:** contributions generated by local suppliers thanks to purchases made by the companies in which the Funds Invest;
- **Induced impacts:** contributions due to the consumption expenditure of workers directly employed in the companies financed.

Managed savings for business growth

The saving component in favour of companies entails the need for the target companies to start an internal “institutional” growth to benefit, through the raising of capital, of the mechanisms of disintermediation from the traditional banking system.

In this context, Finint Investments through its managed Funds carries out investment transactions in private equity and debt spaces, credit acquisition/SPV notes and direct lending transactions, also pursuing the objective of supporting entrepreneurs and the management of the target companies in the implementation of corporate strategies aimed at:

- Internationalization leveraging on “Made in Italy”;
- Manage generational transitions;
- Stimulate growth by external lines (buy and built);
- Improve organization in operational processes;
- encourage companies to adopt sustainable investment policies

Through the management of “Finint for the Real Economy” range of products, Finint Investments offers dedicated products and services, on the one hand, to the Italian companies and, on the other, to the investors of manage assets, with the objective to favour the injection of liquidity into the real economy to stimulate the growth and make it sustainable over time, while offering great returns and the creation of value for the investors.

Screening and Due Diligence

In the investment process, “Sustainable Investments” can be considered a part of the more complex process that the Company defines as “Education”. During the screening and due diligence phases on the target companies, some elements of weakness of the latter may emerge related to the attention that the target company reserves to sustainable investments. In this phase, the role of Finint Investments is to quantify the approach to Sustainability Risk through the classification of an ESG rating and create a dialogue with the target company in order to share an activity plan.

Investments in the real economy and the promotion of Sustainable Investments can converge in a single guideline. The “Finint for the Real Economy” range of products promotes, not only the characteristics of inclusion and exclusion of the ESG requirements of the Target Companies at the time of the investment, but also their ability to concretely adhere to the sustainable investment protocols, or even improve them, in order to favour the subsequent growth and the constant dialogue between the investor and the Company.

It is possible to classify this relationship with the company as “direct” or “indirect”; if the relationship is direct, the methods of dialogue will be simpler, and it will also be possible to intervene with an active and incisive approach.

Approach	Type of operations	Dialogue
Direct	Direct Lending Private Equity Private Debt	High
Indirect	NPLs fixed income NPEs	Low/No

Monitoring and Management

The monitoring and management phase is a crucial moment in the application of the ESG principles to the investments and consequently on the Fund’s portfolio. In this phase, the Risk Management has the function to integrate Sustainability Risks to recognize and manage the risks associated with ESG factors during the various phases of the investment process. The monitoring activity on *Sustainable Investments* is composed of the following steps:

- **Phase 1:** the Finint Investments Risk Management Function collaborates with the ESG Committee to identify the key indicators (Key Performance Indicators - KPIs) most representative of the target company, necessary to structure a process of periodic monitoring.

- **Phase 2:** the Front Office team, with the support of the Risk Management function, collects the target companies' data and submits them to the ESG Committee to:
 - Measure the performance trend of KPIs;
 - Identify any anomalies;
 - Evaluate the actual achievement of the planned objectives.

- **Phase 3:** the Front Office team, on the indication of the Risk manager belonging to the ESG Committee, reports the data collected in the previous phase in a specific section of the management reporting of the Fund and it is presented to the Board of Directors, highlighting the "*Finint ESG Score*" achieved by the individual Targets and their critical issues. With the support of the Sustainability Manager and the Front Office team, the Risk Management function manages the monitoring of the "Finint ESG Score" by collecting all the information directly from the Target. Each investment is preliminarily assessed through a rating adopted by Finint Investments called the «**Finint Overall Score**»; the condition for investing in a company is the achievement of a score of at least 20 points out of a theoretical maximum of 100 points.

10. SUSTAINABLE INVESTMENTS IN THE REAL ESTATE AREA

Zero CO2 Economy

In December 2019, the European Community promoted the establishment of the framework that favours sustainable investments called European Taxonomy to promote the achievement of a zero-emission economy of CO2 by 2050.

The European Taxonomy identifies four economic activities related to real estate space to contain CO2 emissions:

- Construction of new buildings
- Renovation of existing buildings
- Punctual restructuring measures
- Purchasing and ownership of properties

Through the application of the rules of the Taxonomy, it will be possible to evaluate the containment and the reduction of CO2 emissions at the level of the Real estate funds and for the assets that make up the portfolio.

Rating ESG for investors and tenants

With a view to transparency towards not only investors but also the end users of real estate assets, it is essential that the adoption of ESG criteria is oriented towards achieving an internal ESG rating to which ratings issued can also be added by internationally recognized bodies capable of providing a system for evaluating and comparing the ESG performance of real estate portfolios based on standardized and validated data; among the most recognized ratings is the Global Real Estate Sustainability Benchmark (GRESB).

Finint Investments submits the Funds that adhere to the ESG assessment of the Global Real Estate Benchmark (GRESB). The evaluation criteria on which GRESB is based are divided into two main components:

- The Management component evaluates the level of integration of ESG principles within the corporate business strategy with the aim of:
 - identify the level of ESG commitment within the Company with the definition of an ESG policy, non-financial reporting, risk assessment, due diligence and a defined action plan for monitoring the ESG performance of the portfolio;
 - check the level of stakeholder involvement (employees, suppliers, investors, etc.).
- The Performance component evaluates quantitative data and therefore environmental data which account for about 70% of the total evaluation. This data must be collected and monitored for both the asset and the tenants (thus including common areas and private areas) and are an integral part of an ESG action plan aimed at improving portfolio performance.

Investors and tenants can rely on the results obtained from international assessments and/or certifications to evaluate their investment choices, for the former, and usage choices, for the latter. It should be noted that the adoption of good ESG practices does not mean that investors must choose between higher costs and lower returns; in fact, the best practices applied to every aspect of real estate management make real estate assets more efficient, more interesting and of greater value, translating into a win-win situation for everyone.

The main ESG objectives that can be pursued for real estate funds can be summarized as follows:



E: Create a positive impact on the environment



S: Promote community development and inclusion



G: Create shared value with all stakeholders

Internal rating

For all Real Estate funds that pursue sustainability objectives, Finint Investments has defined an action plan containing ESG objectives based on the type of fund (Social Housing funds, Traditional Real Estate funds, Renewable Energy funds) and consequently on the basis of the classification of the asset (income or development asset).

For the Social, Senior and Student Housing Funds ("Social Impact" Funds) and Traditional Real Estate Funds, the objectives of the action plan have been identified and grouped according to the phase of the investment process in which they should be pursued; this implies that ESG actions are distinguished on the basis of the following stages:

- Screening and investment due diligence;
- asset monitoring and management with distinction between:
 - site management in the development phase;
 - management of properties in the portfolio;
 - management of non-performing buildings from an energy point of view (actions of inclusion policies with tenants and well-being).

Also in this case, each investment is preliminarily assessed through a rating adopted by Finint Investments called the «**Finint Overall Score**»; the condition for investing in a company is the achievement of a score of at least 20 points out of a theoretical maximum of 100 points.

11. ESG ASPECTS COMMUNICATION TO STAKEHOLDERS

A key part of implementing this ESG Policy is to communicate progress over time. As such, Finint undertakes to:

- Update members on key initiatives and progress via the Finint website and relevant investor reporting and annual reports;
- Actively involve its human capital in this roadmap and provide proper tools for understanding the management of ESG topics;
- Communicate ESG strategy goals and related factors and maintain a positive dialogue with these subjects in order to anticipate potential requests.
- Engage both internal and external stakeholders to sustainability issues
- Work together with key industry players to enhance our effectiveness in implementing ESG principles.

12. SIGNING AND REVIEW OF THE POLICY

This Policy is reviewed and approved by the Board of Directors of Finint and will be subject to an annual review in order to integrate any new guideline or regulation in this matter. All ESG strategies and procedures adopted will also be reviewed in accordance with any this Policy changes, financial considerations and new regulations. Finint is committed to maintaining its stakeholders informed and updated on Policy reviews and updates.



Finint Investments è il marchio commerciale di Finanziaria Internazionale Investments SGR S.p.A. - Società Unipersonale Società appartenente al Gruppo Banca Finanziaria Internazionale Via Vittorio Alfieri 1 - 31015 Conegliano (TV) - Tel. 0438 360407 Codice Fiscale e Registro delle Imprese di Treviso - Belluno 03864480268 Gruppo IVA Finint S.p.A. - Partita Iva 04977190265 Capitale Sociale € 2.000.000,00 i.v