

ESG POLICY

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ACRONYMS AND ABBREVIATIONS

BREEAM – *Building Research Establishment Environmental Assessment Method*

BoD – Board of Directors

EBA – European Banking Authority

ESMA – European Securities and Markets Authority

AIF – refers to Real Estate, Credit and Private Equity AIF and/or Real Estate SICAFs managed by the SGR

FM – *Fund Manager*

LEED – *Leadership in Energy and Environmental Design*

RM&V – *Risk Manager & Valuation*

SFDR – *Sustainable Finance Disclosure Regulation*

TUF – Consolidated Law on Financial Intermediation

1. GENERAL SECTION

1.1 Regulatory context and purpose of the document

This policy (hereinafter, the “**Policy**”) has been approved by the Board of Directors of Praemia REIM Italy SGR S.p.A. (hereinafter also referred to as the “**SGR**” or “**Praemia**” or the “**Company**”), in compliance with and pursuant to the provisions of current legislation.

Specifically, the rules governing the subject matter of this Policy can be summarised as follows:

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR Regulation**”);
- Commission Delegated Regulation (EU) 2023/363 of 31 October 2022 amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in pre-contractual documents and periodic reports for financial products investing in environmentally sustainable economic activities;
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“**Taxonomy Regulation**”);
- Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) *rating* activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859;
- Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability;
- Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers;
- Legislative Decree No. 231 of 8 June 2001 “Regulation of the administrative liability of entities, companies and associations with or without legal status”, pursuant to Article 11 of Law No. 300 of 29 September 2000 (“**Legislative Decree 231/2001**”).

The purpose of the Policy is to outline the strategies and policies for managing sustainability issues – including sustainability risks – adopted by Praemia both at the level of *governance* and internal organisation and in investment processes, through the analysis of the ESG (*Environmental, Social and Governance*) factors represented below:

1. **Environmental (E)**: CO2 emissions, air, water and soil pollution, hazardous and non-hazardous waste, biodiversity, culture of consumption reduction and recycling;
2. **Social (S)**: investment projects that contribute to collective well-being and social *housing* (e.g. *social, senior and student housing*), promoting accessibility, *comfort*, health and safety, improving working and trade union standards, gender policies, health and safety,

and *data privacy*;

3. **Governance (G)**: impact on corporate governance practices, including remuneration policies and management of conflicts of interest, composition of administrative and control bodies, integrity and ethics, diversity of all kinds and equal opportunities,

collectively referred to as “**ESG Factors**”.

The SGR adequately communicates to investors and all relevant *stakeholders* the approach adopted by the SGR in relation to ESG issues in its operations, avoiding unfair practices (e.g. *greenwashing*).

The Policy complements, without imposing any limitations or impediments, the investment policies set out in the Fund Rules/Articles of Association of the AIFs managed by the SGR, in order to ensure that the investment activities considered as a whole are carried out in the interests of the subscribers of the AIFs, with the aim of increasing the value and sustainability of the investments over time, mitigating negative externalities.

1.2 Definitions

In this Policy, when reference is made to:

- “**SFDR classification**” means the following product types:
 - AIFs pursuant to Article 6 (so-called “Brown”), which do not take into account the criteria identified by the EU for environmentally sustainable economic activities and therefore do not explicitly promote environmental and/or social characteristics but integrate sustainability risks into investment decisions;
 - AIFs pursuant to Article 8 (so-called “Light Green”), which promote, among other things, environmental or social characteristics, or a combination thereof;
 - FIA pursuant to Article 9 (so-called “Dark Green”), which aims to achieve sustainable investment, as defined below;
- “**sustainability risk**” means an environmental, social or governance event or condition that, if it occurs, could cause a significant negative impact on the value of the investment;
- “**sustainable investment**” means investment in an economic activity that contributes to an environmental objective (measured, for example, by key resource efficiency indicators relating to energy use, the use of renewable energy, the use of raw materials and water resources and land use, waste generation, greenhouse gas emissions and the impact on biodiversity and the circular economy) or an investment in an economic activity that contributes to a social objective (in particular, an investment that contributes to the fight against inequality, or that promotes social cohesion, social integration and industrial relations, or an investment in human capital or economically or socially disadvantaged communities), provided that such investments do not cause significant harm to any of these objectives and that the enterprises benefiting from such investments comply with good governance practices, in particular with regard to sound management structures, staff relations, staff remuneration and compliance with tax obligations;
- “**sustainability factors**” means environmental, social and employee issues, respect for human rights and issues relating to the fight against active and passive corruption;
- “**physical risk**” means the economic impact resulting from the expected increase in

natural events that can be defined as “extreme” or “chronic”;

- “**transition risk**” means the economic impact resulting from the adoption of regulations aimed at reducing carbon emissions and promoting the development of renewable energy, technological developments, and changing consumer preferences and market confidence;
- “**Sustainability index**” means a quantitative set of indicators specifically designed to measure and monitor the performance of an investment in terms of environmental, social and economic sustainability.

2. GOVERNANCE

The SGR integrates ESG criteria into its corporate ethics, governance, organisational system, risk management and human resources management in order to develop a healthy and resilient business model. The growing importance of sustainability risks – including climate and environmental, physical and transition risks – therefore requires intermediaries to assess how to integrate these risks into their decision-making processes and organisational and operational structures, preparing specific action plans where necessary.

2.1 Business ethics

Praemia operates in accordance with the principles of professional ethics and transparency, through the adoption and observance of the Organisational Model, Management and Control pursuant to Legislative Decree 231/2001 (“**Model 231**”) and the Code of Ethics, ensuring the 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 legislation, as well as on the basis of their commitment to sustainability, verifying that their principles and values are aligned with those of the SGR.

2.2 Governance and organisational system

The SGR has adopted a corporate governance structure, appropriate internal control mechanisms and an effective risk management and business continuity system structured as follows:

- The **Board of Directors** plays a guiding role in the SGR’s strategies, policies and plans in the area of sustainability, periodically verifies the application and progressive implementation of the Policy, evaluates the risk mitigation/management proposals indicated by the Risk Management & Valuation Department and approves the most appropriate actions to manage the identified risks. The BoD has the expertise to understand and assess ESG factors on the business model and strategy;
- the **Chief Executive Officer** is the member of the BoD responsible for implementing sustainability strategies, policies and plans and ensuring the integration of ESG factors in the development, investment and valuation of the portfolios under management;
- the **Risk Management & Valuation Department** supports the Chief Executive Officer and the BoD in assessing the risks associated with ESG issues, both with regard to the Company and investments, including through the identification of appropriate risk indicators;
- the **Compliance Department** supports the Chief Executive Officer and the BoD in

assessing the compliance of the SGR and AIFs with the SFDR Regulation and related legislation;

- the **Structuring & Acquisition Department** supports the Chief Executive Officer in implementing investment strategies by following the preparatory activities for the completion of investments, including any ESG due diligence to be carried out in the pre-acquisition phase, if required in relation to the type of AIF and the relevant SFDR classification;
- the **Fund Manager** supports the Chief Executive Officer in monitoring investment strategies, with particular reference to the management of portfolio assets, taking the necessary steps to promote the characteristics or achieve the objectives of AIFs classified as Article 8 or 9 under the SFDR Regulation, and monitoring the related results (e.g. involvement of tenants, property managers and stakeholders, coordination of interventions, etc.);
- the **ESG Committee**, composed of the Chief Executive Officer, the Head of Compliance, the Head of Risk Management & Valuation and a Fund Manager appointed from time to time, meets twice a year and is responsible for supporting the BoD in defining and implementing ESG strategies, monitoring risks, verifying compliance the transactions carried out by the Company in compliance with the Fund Rules/Articles of Association of the AIFs managed, and analysing the impact of the SGR on ESG factors.

2.3 Sustainability risk management

The SGR integrates sustainability risks into its risk management system through the Risk Management & Valuation Department in order to take greater account of the potential impact of these risks on the SGR's operations and investment strategies, as described in more detail in paragraph 3.

To this end, a sustainability risk assessment model has been adopted, which is attached to this Policy (Annex 1 "**Methodological note for assigning ESG ratings to AIFs and the SGR**"), which has the primary purpose of measuring the overall sustainability risk level of the SGR and the AIFs, taking into account the environmental, social and governance risks identified by the SGR and assessing them on a rating scale from 0 to 10. The model also allows the level of risk to be measured at the level of the real estate portfolio and individual investments and to be assessed on the same rating scale.

2.4 Human resources management

The SGR is aware that the sustainability and growth of the Company are guaranteed by the value of the people who are part of it and firmly believes that human capital is a resource to be protected, valued and enhanced. In the selection of personnel, Praemia guarantees compliance with the principles of equality and equal opportunities, making assessments based on criteria of merit and competence and avoiding forms of discrimination and favouritism.

With regard to the professional growth of human resources, the SGR offers equal opportunities to all individuals, avoiding arbitrary discrimination, guaranteeing everyone the same career opportunities and basing all relationships on the principles of fairness, correctness and loyalty and on meritocratic criteria. The SGR considers the growth and well-being of its staff to be

fundamental and, to this end, is committed to ensuring adequate working conditions, inspired by the highest standards of health and safety in the workplace.

Furthermore, the SGR has ensured that its internal training plan deals with 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 buildings, etc.) and private equity. The training plan will also aim to illustrate the principles and actions that the SGR intends to implement in terms of sustainability, with particular regard to ESG investment criteria and the related methodology.

Finally, it should be noted that, in order to encourage its staff to behave in line with the ESG strategy and the relevant regulations, the SGR has launched a programme to integrate objectives related to ESG factors and sustainability risk management into its remuneration and incentive policies.

3. INVESTMENT STRATEGY

The SGR's activities involve the management of financial products operating in the real estate sector. The SGR considers investment in assets that contribute to the sustainability objectives defined by the United Nations (known as Sustainable Development Goals or "SDGs") to be an opportunity for long-term development and value creation. Praemia is aware of the strong connection between financial returns on investments and ESG factors and, with this in mind, integrates these factors at all operational levels, both on behalf of the Company and for the AIFs it manages, also taking into account the SFDR classification.

The Company currently manages:

- financial products classified under Article 6 of the SFDR Regulation that integrate sustainability risks but do not promote environmental or social characteristics under Article 8 and do not target sustainable investments under Article 9 of the SFDR Regulation;
- financial products classified under Article 8 of the SFDR Regulation that integrate sustainability risks and promote environmental or social characteristics, but do not have sustainable investment objectives within the meaning of Article 9 of the SFDR Regulation¹.

In this perspective, at the level of managed AIFs, the SGR's ESG strategy provides for a level of application commensurate with the investment objectives of each AIF and the relevant SFDR classification. In any case, as a responsible investor, Praemia promotes the evolution towards sustainable business models in its activities on behalf of the managed AIFs, providing transformative capabilities, specific expertise and full support in the management of risk

¹ The Camplus Long Term and Camplus Sviluppo funds, classified as Article 8 under the SFDR Regulation, promote the following characteristics:

- **Characteristics "E"** – (i) mitigation of the impact on climate change through investments aimed at more efficient use of resources, (ii) promotion of sustainable mobility among end users;
- **Characteristics "S"** – (iii) enhancement of accommodation facilities dedicated to secondary education and young workers, (iv) increase in the inclusiveness of spaces, comfort and well-being of end users of the Fund's properties, (v) safety and respect for the rights of workers and tenants of the Fund's properties and contractors involved in development projects.

opportunities and ESG matters, as specified in paragraph 5.

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

- for real estate AIFs, to implement asset conversion, redevelopment and restoration operations with the aim of reducing resource and land consumption, improving energy performance, enhancing urban spaces and improving the living conditions of local communities;
- for all AIFs, to also invest in initiatives that contribute to the development of collective welfare and/or to implement projects aimed at promoting the development and well-being of the community.

Furthermore, the SGR proposes not to invest in assets involving activities prohibited by the legislation on biodiversity conservation in the country where the project is carried out, or by the main international conventions relating to the protection of biodiversity or cultural resources. It also proposes not to invest, or acquire or develop, directly or indirectly, in:

- properties located in natural areas that are protected or prohibited for the purposes of biodiversity conservation;
- properties for the extraction, storage, transport or production of fossil fuels,

and excludes from the tenants of real estate AIFs and from the target investments of private equity AIFs those who carry out production or marketing activities or whose activities are related to:

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

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

Finally, the SGR recognises the importance of proper ESG risk management in order to protect the value and profitability of the assets in which the AIFs under management are invested and, to this end, has defined specific guidelines and policies for the integration of sustainability risks into business processes and investment decisions, management and in the development of managed portfolios, which include:

- the integration of the risk map to which the assets and AIFs under management are exposed, including sustainability risks;
- the analysis and measurement of the risks to which investments are exposed, including sustainability risks, using specific qualitative and quantitative risk parameters and indicators;
- the assessment, through sustainability risk analysis, of the main negative impacts on sustainability related to investment decisions and the management of AIFs;
- the preparation of periodic risk reports with the definition, where appropriate, of actions aimed at mitigating the sustainability risks to which the assets and AIFs under

management are exposed.

The SGR therefore integrates sustainability risks into the investment decision-making process by adopting specific assessment parameters, which are then applied in accordance with the investment strategies defined for each individual AIF, providing in this context to (i) complete the investment risk profile, (ii) identifying any opportunities for intervention, (iii) estimating the impact of the identified risks on the valuation process, and (iv) assessing their consistency with the SFDR classification.

4. ANALYSIS AND MONITORING OF INVESTMENTS

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

4.1 Assessment of investment opportunities

When evaluating new investment opportunities, the SGR takes into account not only traditional analysis parameters but also the most relevant ESG Factors for the type of investment and the related asset class, conducting specific due diligence activities aimed at investigating the risks and opportunities associated with the investment.

The methodologies used and the parameters assessed take into account the investment strategies of each AIF and the relevant SFDR classification. Where deemed necessary or appropriate, due diligence analyses are also carried out with the support of consultants with specific expertise in ESG matters.

With particular reference to ESG risks, the SGR has equipped itself with a special tool which, through both qualitative and quantitative analysis, provides a summary assessment of exposure to sustainability risks, physical climate risks and transition risks. If the due diligence process reveals “medium” or “high” risk exposure, the SGR may, if deemed necessary or appropriate, carry out further investigations either during the pre-investment phase or directly in the post-acquisition phase, considering possible measures to mitigate the risks identified.

4.2 Investment management

The ESG factors deemed most relevant based on the characteristics of the investment and/or the AIFs are monitored by the Fund Managers for each AIF managed by the SGR and considered during the management of the asset and related improvement plans. Where possible, when negotiating the most relevant contracts (e.g. in the case of leases and/or acquisitions of shareholdings in target companies), the SGR assesses the opportunity to share any ESG performance objectives with counterparties and to include specific clauses for the communication of data and information useful for reporting ESG impacts.

For real estate development and redevelopment projects, ESG factors are considered in the choice of materials and locations, in 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 AIFs classified under Article 8 of the SFDR Regulation, the SGR also:

- collects data and information in a structured manner for reporting to stakeholders, also with a view to identifying opportunities for enhancing and improving ESG performance, particularly in the environmental field;
- promotes, where appropriate, the creation and development of real estate initiatives and/or the implementation of investment policies (for both real estate and private equity AIFs) with social objectives, involving the participation and development of the local communities concerned (social housing, cohousing and social residences for the elderly, student residences, investments in the health/medical sector, etc.).

4.3 Divestment

During the divestment phase, the asset management company finally assesses the results of the measures adopted and the activities undertaken to achieve specific ESG performance targets that may be required by AIFs based on the relevant SFDR classification.

5. STAKEHOLDER ENGAGEMENT

The SGR undertakes to engage in dialogue with third parties with whom it has working or collaborative relationships, encouraging them to act responsibly and in accordance with the SGR's ESG values as defined in this Policy. In particular, the SGR is committed to involving and raising awareness of ESG issues:

- 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 sustainability targets set;
- tenants and companies in which private equity AIFs have an interest, given the primary role they play in implementing the SGR's ESG strategy as users of buildings and/or, in general, holders of information necessary to improve ESG performance.

6. TRANSPARENCY AND REPORTING

In accordance with the SFDR Regulation, the SGR periodically integrates and updates both internal and external information in relation to 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 into the pre-contractual information provided to potential subscribers (e.g., offering documentation), in line with the SFDR classification of the AIF and related obligations. In particular, the pre-contractual information must include:
 - how sustainability risks are integrated into investment decisions; and
 - the results of the assessment of the likely impacts of sustainability risks on investment performance;
- pursuant to Article 11 of the SFDR, the inclusion in management reports of information on the implementation of ESG strategies and related performance, in line with the SFDR classification of each AIF;
- publication on the website of the disclosures required by the SFDR pursuant to:

- Article 3 on the transparency of sustainability risk policies;
- Article 4 on transparency of adverse sustainability impacts;
- Article 5 on transparency of remuneration policies in relation to the integration of sustainability risks;
- Article 10 on transparency of the promotion of environmental or social characteristics and sustainable investments on websites;
- Article 11 on transparency of the promotion of environmental or social characteristics and sustainable investments in periodic reports;
- the preparation of an annual report containing the assessments carried out by RM&V for each AIF managed and for the SGR in relation to their respective ESG performance and the resulting exposure to sustainability risks. This report must be submitted to the ESG Committee and submitted to the BoD for evaluation.

7. IMPLEMENTATION AND UPDATING OF THE POLICY

The SGR undertakes to follow up and implement the principles expressed in this Policy by adapting its organisational structure and periodically reviewing the operational processes, decision-making processes, tools and methodologies that support them, and consequently integrating them into the company's practices and regulatory framework.

The Policy is updated annually to take into account the progress made by the SGR with regard to ESG factors and to ensure constant alignment with regulations and the implementation of sustainability best practices.

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