



Prelios SGR

Responsible Investment Policy
Summary

Responsible Investment Policy

The Company carries out its investment management activities with the objective of creating value for the projects in which it invests on behalf of the AIFs managed, for the AIFS' investors, and for all stakeholders.

Responsibility, sustainability and integrity of the value-enhancing actions implemented by the Company are key elements in the value creation process. In this context, the Company believes that such aspects must be considered, together with traditional financial measures, to provide a more complete view of the value, risk and return potential of investments. Promoting these principles also helps to reduce risk and increase the value of investments in the pursuit of sustainable performance over time.

Integrating ESG criteria into the strategy can generate sustainable profits over time and, consequently, generate a solid prospect of value creation for all stakeholders. This also enables a more efficient management of risks - financial, environmental and social - which can negatively affect the value creation of the single investment.

The Company is committed to supporting the Sustainable Development Goals, promoted by the UN and adheres to the principles and guidelines defined for responsible investments by the United Nations - Principles for Responsible Investments (PRI)



Signatory of:



Prelios SGR is aware of its responsibility to contribute to sustainable development and consistently manages environmental and social aspects in its investments, as well as in the management of its direct impact. Responsibility, sustainability and integrity of the enhancement actions implemented by the Company are fundamental elements in the value creation process.

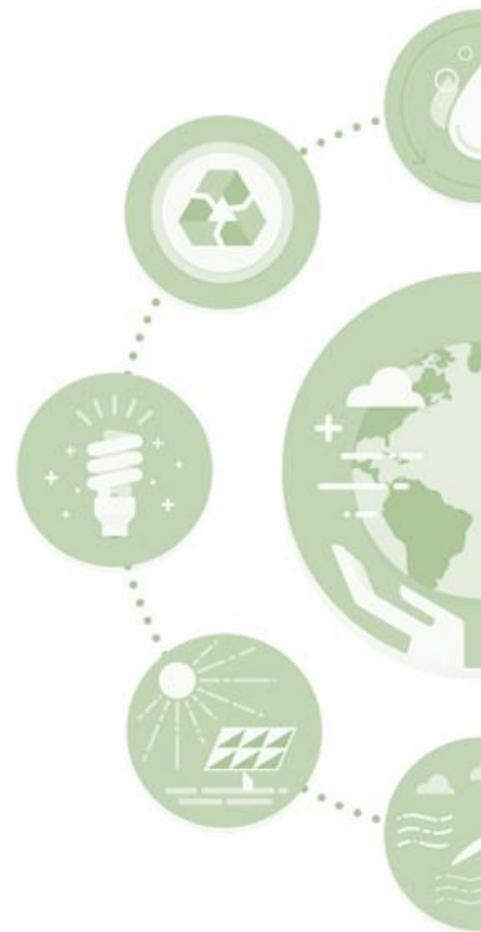
SUSTAINABLE DEVELOPMENT GOALS

Prelios SGR's Responsible Investment Policy is drafted in accordance with Regulation 2019/2088 (SFDR), art. 3, and aims to illustrate the selection and monitoring methodologies adopted by the Company in order to integrate the analysis of sustainability risks within the investment process related to AIF management services.

Environmental engagement

Environmental engagement concerns the impact the Company has on living and non-living natural systems, including ecosystems. Such matter includes the monitoring of environmental inputs (such as materials, energy, water) and outputs (such as emissions, effluents, waste), as well as performance related to biodiversity, environmental compliance, environmental spending, and the impact of products and services provided.

Environmental impact management is crucial to assess the investments made and managed by the Company. In addition to complying with applicable environmental laws and regulations, Prelios SGR aims to promote environmental awareness and knowledge, and to keep on continuously improving in environmental management and performance, including the review of short- and long-term environmental performance targets.



Direct environmental impact

Reducing the Company's environmental footprint

As a financial institution, Prelios SGR's direct environmental impact is relatively limited. However, the Company aims to continuously reduce its environmental footprint.

Actions implemented:

-  striving to reduce the direct negative impact of the Company's activities on the environment;
-  being efficient in the use of resources and using renewable or recyclable materials; and
-  minimizing and recycling waste.



For more details:

"Guide lines about the so-called Environmental Engagement"

Environmental engagement



Indirect environmental impact

Investment decisions and how investments are managed

The greatest impact the Company, as an asset management company, has on the environment is indirect, through the investment decisions and how the investments made are managed.

Actions implemented:

-  working with position statements and industry policies, focusing on sustainable business opportunities and risk mitigation;
-  continually improving investment and risk assessment procedures by further developing environmental and social considerations;
-  seeking environmental-friendly investment opportunities;
-  taking into account the environmental performance of suppliers and contractors, as well as the environmental impact of products and services in the procurement process; and
-  involving the suppliers in the application of sustainability policies.

Focus real estate

Use of materials, products, construction methods, and operating practices that:

- consider impacts on health;
- reduce the amount of resources used and waste, also through the use of sustainable and recycled materials and renewable energy;
- protect habitat and the environment and preserve biodiversity;
- avoid the use of toxic substances and aim to reduce CO₂ emissions;
- obtain (where possible) voluntary certifications of sustainability



Social responsibility and good governance practices



The Company pays attention to the Governance pillar through the policies adopted, as well as to applicable regulations and best practices.

Prelios SGR operates in compliance with professional ethics and transparency, through the adoption and observance of Model 231 and the Code of Ethics, guaranteeing a proper management of all risks related to the activities carried out.

The social aspects of the Company's actions concern both internal matters and the management activities undertaken and relationship with investors, suppliers and, in general, all stakeholders.

The action of Prelios SGR, including the relationship with its employees, is inspired by inclusion and merit principles, thus guaranteeing equal treatment regardless of

-  gender
-  age
-  sexual orientation and identity
-  Disability and health status
-  ethnicity, nationality and language
-  political opinions
-  socio-economic status
-  religion

Focus ESG performance

For all AIFs, the social aspects are incorporated in the assessment of the ESG performance of the managed assets through specific indicators differentiated by asset class in accordance with the investment policies of the AIFs themselves.

Specifically, **for AIFs belonging to the world of distressed credit**, the Company intends to address the issue of social sustainability, which is currently relevant, in an efficient and sustainable manner, designing virtuous paths that combine the return to the performing status of borrowers and the achievement of sustainable financial returns for investors.

The organizational structure, as well as the structure of policies and procedures guarantee a correct management of conflicts of interest and risks related to corruption, money laundering, terrorism and international sanctions. In its relations with business partners, the SGR requires the explicit acceptance of its Code of Ethics as well as the inclusion of the CSR Clause in the relevant contractual documentation.



The support to UN SDGs

The Sustainable Development Goals (SDGs) are the cornerstone of the "2030 Agenda" and address the most important economic, social, environmental, and governance challenges.

The successful implementation of the UN Sustainable Development Goals requires that the actions of all market players support the pursuit of these objectives

SUSTAINABLE DEVELOPMENT GOALS

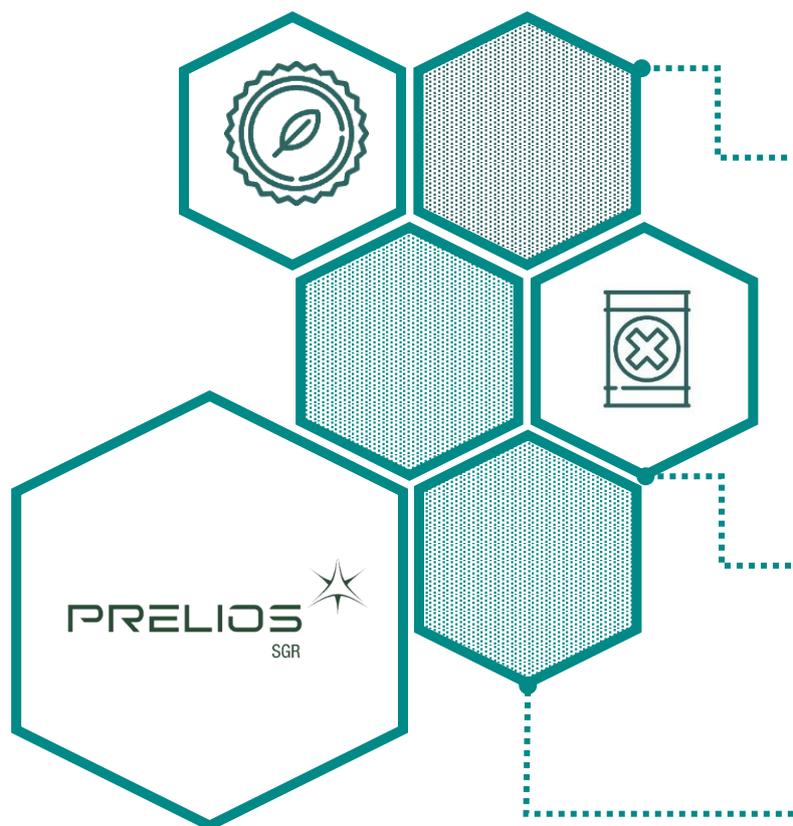
Prelios SGR's commitment to contribute to the Sustainable Development Goals is realized through responsible business policies, integration of business models, investments, innovation and collaboration with all stakeholders involved in the value creation process. The Company focuses on supporting some specific objectives according to the direct and indirect impact of the actions pursued.

Focus UN SDGs

3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Make cities and human settlements inclusive, safe, resilient and sustainable	11 SUSTAINABLE CITIES AND COMMUNITIES 
5 GENDER EQUALITY 	Achieve gender equality and empower all women and girls	Ensure sustainable consumption and production patterns	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
7 AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable and modern energy for all	Take urgent action to combat climate change and its impacts	13 CLIMATE ACTION 
8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 

ESG factors in the investment strategy and reporting

Integrating sustainability aspects affects all phases of investment process, based on certain general principles that are common to every AIF, and on further specific criteria applicable to type of product and to the investment strategy



For every AIF

negative screening

-  exclusion of the development in protected natural areas;
-  exclusion of the possibility of constructing new buildings for the extraction, storage, transport or production of fossil fuels;
-  exclusion of target companies/borrowers operating in sectors considered as controversial (e.g. the production of unconventional armaments) or which derive the majority of their revenues from activities such as, inter alia, the production and distribution of tobacco and coal mining;
-  exclusion of target companies/borrowers that are in serious breach of the United Nations Principles (UNG) and the OECD Guidelines for Multinational Companies.

AIFs ex art. 6

products that take sustainability risk into account without promoting environmental or social characteristics, or without having sustainable investment as an objective

AIFs ex art. 8

products that promote, among other things, environmental or social characteristics, or a combination thereof, and whose target companies comply with good governance practices

AIFs ex art. 9

products that have sustainable investments as target



For AIFs ex art. 8 and 9

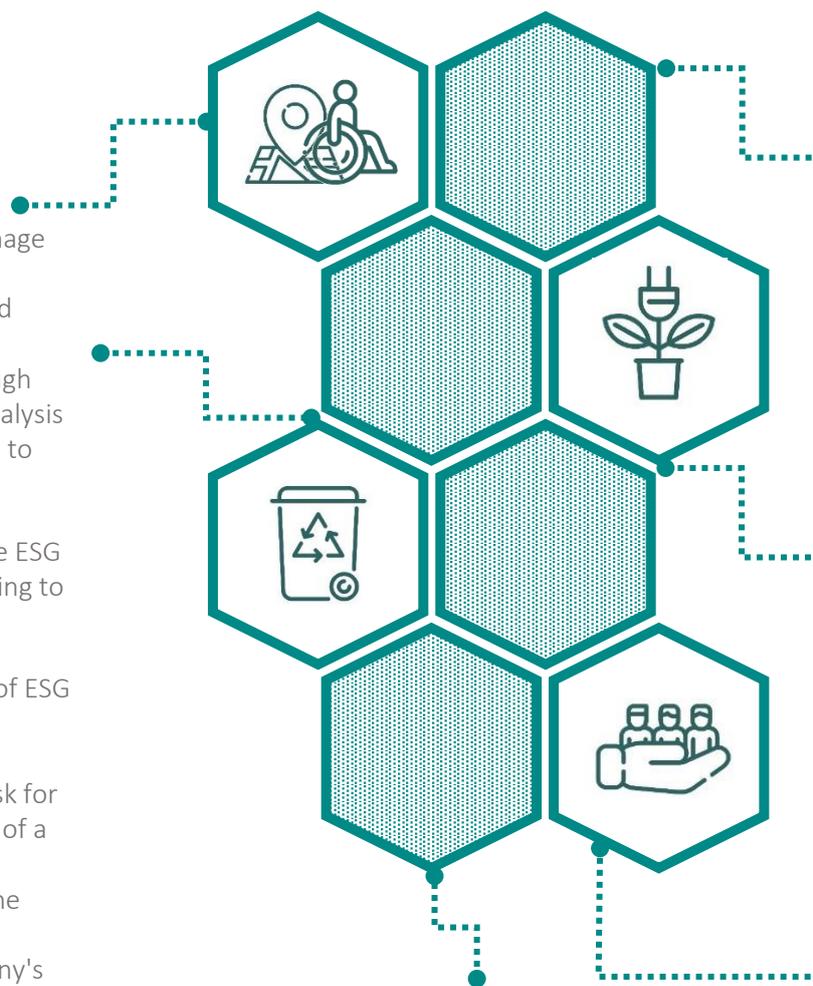
positive screening

ESG selection parameters identified, in line with the investment policy of the AIF, according to the asset class, the sector, or reference benchmarks

ESG factors in the investment strategy and reporting

Integrating ESG factors in the investment process is achieved by implementing

- the ESG due diligence check-list to identify and manage ESG risks in individual assets as part of the ordinary investment process. The check-list can be integrated and/or modified to take into consideration the peculiarities of each investment, also possibly through the use of questionnaires. The results of the ESG analysis with any possible improvement actions are brought to the attention of the SGR Board of Directors;
- quantitative tools for calculating and monitoring the ESG performance of the products, differentiated according to whether the AIF has an explicit ESG strategy or not;
- specific Risk Management tools for the integration of ESG factors in the risk assessment criteria of individual investments. The Company has adopted an internal methodology in order to assess the sustainability risk for all managed AIFs which provides for the calculation of a total scoring risk calculated taking into account the environmental, social and governance aspects, in line with the reference legislation in force. The Risk Management analyses are presented to the Company's Board of Directors at least once a year.



Specific ESG valuation criteria for real estate and securities funds

Focus ESG performance

For all AIFs ESG performance is assessed by means of a specific assessment tool, developed internally, based on the 8 indicators and also possibly through the use of questionnaires. For each indicator a weighted percentage score is attributed corresponding to the cluster to which it belongs (i.e. high, medium-high, medium-low, weak/absent). The single AIF is then assigned a final percentage score determined by the average of the scores attributed to each indicator.

For AIFs with an explicit ESG strategy additional criteria and tools are adopted for the identification, implementation and monitoring of specific ESG performance objectives and results. These activities can also be carried out with the support of specially appointed advisors.

ESG performance monitoring and measurement activities are carried out at least once a year and the results, together with an overview of the ESG strategy implemented and the strategic action plan in terms of sustainability, are submitted to the Board of Directors of the SGR, and possibly to the Investors, where applicable, according to the procedures contained in the relevant Management Rules/By-Laws.

Measuring ESG impact

8 ESG assessment criteria for real estate AIFs

Prelios SGR measures the impact of its investments through a proprietary analysis tool

E

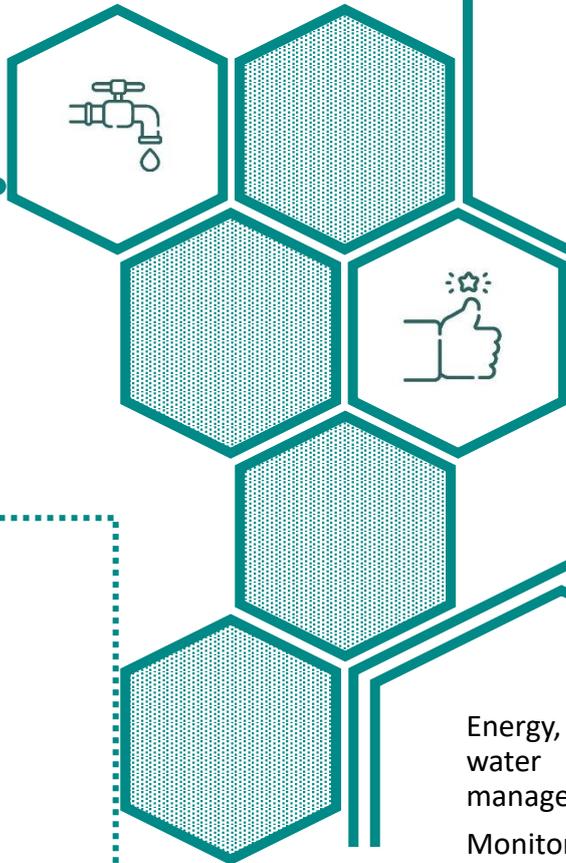
- Building certification
- Environmental compliance
- Energy
- Waste mgmt.
- Water mgmt.

S

- Accessibility and mobility
- Health & well-being
- Reputation risks

G

Good governance criteria thanks to the respect of best practices, regulations and a sound organizational structure



E

- Energy, waste and water management
- Monitoring and impacts

S

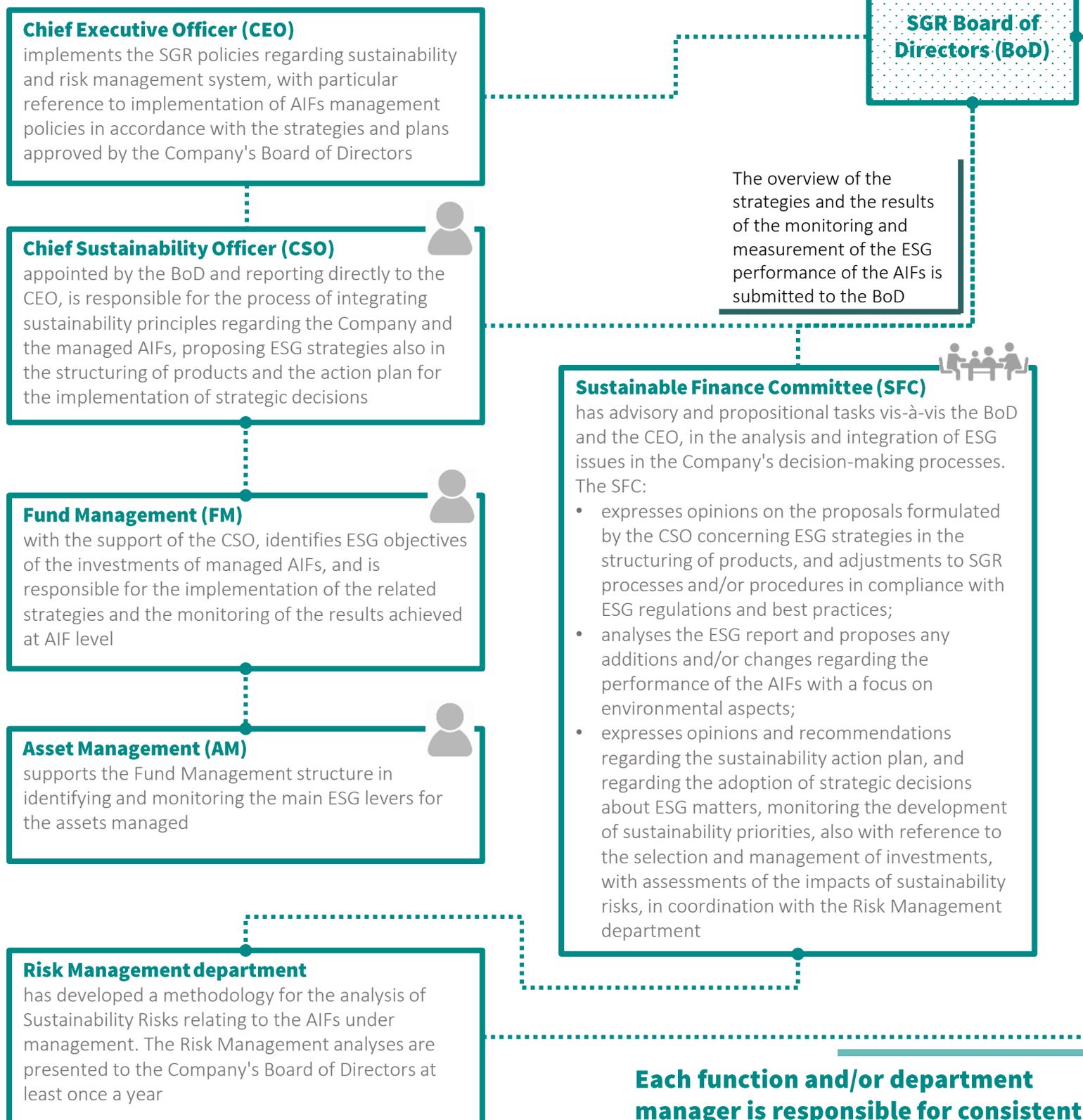
- Health & safety
- Diversity & inclusion
- Training

G

- Employees
- Diversity & inclusion within decision-making bodies
- Certifications
- Circular economy
- Innovation

11 ESG assessment for securities AIFs and equity investments

Governance of the Responsible Investment process



Regarding specific matters Compliance, Risk Management, Corporate & Regulatory Affairs, Internal Audit, and Administration, Finance & Control functions are involved

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