

Challenges and developments in the global and national context have transformed **sustainability factors** into powerful drivers of **opportunity and risk management**. Tages Capital SGR ("the Management Company"), through its asset allocation and investment strategy, strives to capture and leverage these drivers.

Owing to its investments in the **renewable energy sector**, sustainability is at the **forefront of investment and decision-making** by the Management Company, and is **integrated throughout internal processes and operations**, starting with technical and legal Due Diligence and including management, monitoring and periodic reporting.

The Management Company has developed a **comprehensive risk management model** integrated into its Risk Policy and investment process. Owing to its focus on the **core asset class** of photovoltaic and wind power installations, the model takes into account operational and counterparty risks that are associated, both directly and indirectly, with sustainability factors, including environmental compliance, operational costs associated with weather conditions and natural catastrophe events, poor supplier track records and governance issues by counterparties. These and other risk drivers are factored into investment decisions, starting with the Due Diligence process.

As part of its commitment to responsible investment, Tages Capital SGR incorporates sustainability factors into its **investment decision making and ownership policies**, with the aim of managing risks and impacts and generating real-world value in addition to financial returns. The legal and technical due diligence process integrates environmental requirements, standards and performance metrics useful to formulate investment considerations. These, in turn, are carried over to the investment phase through active management with business partners and continuous monitoring and reporting.

By integrating sustainability factors into its investment processes, and the due diligence in particular, the Management Company is **able to identify** and **consider** the **adverse impacts** that its investments could generate.

In particular, the Management Company takes environmental factors into account as part of its technical due diligence process, including a **dedicated analysis** of environmental, landscape, hydrogeological constraints and restrictions, and respect of local planning rules.

Furthermore, investment projects are evaluated according to their **alignment with the IFC Equator Principles**, a framework for determining, assessing and managing environmental and social impacts. Building on its existing processes and approach, the SGR plans to expand its methodology for impact assessment to include detailed metrics in line with regulatory and market developments.

For more information on the approach of the Management Company to engagement, please see the Engagement Policy section.

Tages Capital SGR is a signatory of the UN Principles for Responsible Investment (PRI) through its holding company Tages S.p.A. and is committed to following the six principles as a framework across all investment activities.

The **remuneration policy** of Tages Capital SGR is inspired by the principles of **fairness, motivation and competence** and is developed in line with the strategies, priorities and vision of the SGR, which holds sustainability as a driver of its business model.

For the time being, Tages Capital SGR does not provide for a remuneration component directly related to the achievement of responsible investment objectives. However, since the Management Company currently focuses on the renewables sector, investment performance and production efficiency, closely correlated with GHG emissions reduction, are part of the long-term remuneration component, which ensures consistency with the integration of sustainability factors.

Tages Capital SGR includes, in the assessment of **individual performance**, the consideration of sustainability issues and the promotion of the UN PRI among the professional goals of all ranks and functions and has also started a process to define actionable qualitative responsible investment objectives within individual performance measurement.

Furthermore, the remuneration policy reflects and promotes sound and effective risk management and does not encourage the assumption of incongruous risks, which is aligned with the approach of the investment team to the consideration and management of sustainability risks.