FIDEURAM
ASSET MANAGEMENT IRELAND

SUSTAINABLE AND RESPONSIBLE INVESTMENT POLICY

Fideuram Asset Management Ireland ESG (Environmental, Social, Governance) and SRI (Socially Responsible Investment) Investment Principles

January 2025

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1 FOREWORD

Fideuram Asset Management (Ireland) dac (hereinafter FAMI or the "Company") is an Irish Asset Management Company authorized by the Central Bank of Ireland and part of Fideuram Intesa Sanpaolo Private Banking S.p.A. ("Fideuram"). The main object of the Company is to carry on the business as investment manager, investment adviser and fund manager and to provide ancillary services as set out in the Program of Operations of the Company.

The Company provides collective portfolio management services to five Luxembourg UCITS Funds of which 3 FCPs (i.e. Fideuram Fund, Fonditalia and Willerfunds) and 2 SICAV (i.e Interfund and Ailis). The Company also provides discretionary investment management services to UCITS funds located in Italy and individual portfolio management services to two institutional clients both of which are Group Companies: an Italian pension fund manager, Fideuram Vita and an Irish insurance company, Intesa Sanpaolo Life.

The products managed by FAMI are distributed through distribution networks of the Intesa Sanpaolo Group.

FAMI carries out its activities in compliance with the Guidelines and Rules of the Intesa Sanpaolo Group, set out in the Group Regulations and in the set of Governance Documents of the Group itself.

FAMI considers of crucial importance to integrate environmental, social and governance factors (ESG) in its investment process, in order to pursue its mission to assist customers in the responsible management of their assets.

Integrity, excellence, transparency, respect for diversity, equity, value of the individual and responsibility for the use of resources are the values that constantly guide this process.

In 2020 the Sustainable and Responsible Investment Policy were adopted, with the aim of outlining an approach that integrates environmental, social, and governance factors and to directing sustainable and responsible investment. A specific Engagement Policy was also adopted, in order to describe the conducts to be established in order to stimulate the discussion with issuers and to encourage long-term engagement in the companies in which they invest. To this end, FAMI has also joined the EFAMA Stewardship Code.

As of February 2021, FAMI has joined the Principles for Responsible Investment (UN PRI).

In order to further strenghten its focus on sustainability, FAMI, in collaboration with Fideuram Asset Management SGR S.p.A. - ESG & Strategic Activism corporate function, set up an ESG/SRI Committee.

The purpose of this Policy is to:

- outline the Company's sustainable and responsible investment approach, describing the methodologies for selecting and monitoring financial instruments adopted in order to integrate sustainability risks analysis into its investment process. These methodologies establish specific processes for the selection of financial instruments, appropriately graded according to the characteristics and objectives of the products managed, taking into account environmental, social and governance factors and principles of Sustainable and Responsible Investment (SRI).
- describe how the Company identifies, prioritizes and manages the principal adverse impacts of investment decisions on sustainability factors.

This document represents the Policy on the integration of sustainability risks in the FAMI's investment decision-making process and the identification and prioritization of the principal adverse impacts for sustainability under Regulation (EU) 2019/2088 of the European Parliament and of the Council (i.e. "Sustainable Finance Disclosure Regulation" or "SFDR") and the related implementing acts.

With reference to art. 4 of Reg. EU 2019/2088, FAMI has started dedicated activities to define due diligence policies aimed at considering principal adverse impacts of investment decisions on sustainability factors in the course of 2021.

2 SCOPE

This Policy has relevance for all managed products that in the pre-contractual information:

- describe how sustainability risks are integrated into investment decisions, in accordance with the transparency requirements as per Article 6[1] of Regulation (EU) 2019/2088;
- promote, among other, environmental or social characteristics, or a combination of these characteristics, provided that the investee companies follow good governance practices, in accordance with Article 8[2] of Regulation (EU) 2019/2088;
- have sustainable investment objectives, in accordance with Article 9[3] of Regulation (EU) 2019/2088.

Portfolio management mandates characterized by the presence of specific customer provisions within their investment policies are not in scope, given the lesser degree of discretion in the selection of financial instruments.

3 OUR PRINCIPLES

FAMI integrates environmental, social, and governance (ESG) factors into the investment process in the belief that these elements, in addition to promoting sustainable economic and social development, can positively contribute to the financial results of customer portfolios while reducing their risks.

The integration of ESG criteria allows for a solid perspective of value creation for all stakeholders and, on the other hand, for identifying and managing environmental, social, and reputational risks, which adversely affect the issuers' evaluation.

Sustainable and responsible investment is an integral part of the corporate culture and is aimed at achieving the following objectives:

- promoting sustainable finance by directing investment towards economic entities that have virtuous behavior with regards to people (e.g. employees, suppliers, customers), the environment (e.g. reduction of greenhouse gases and pollution, waste management) and good corporate governance (e.g. composition of the board of directors, a transparent long-term oriented remuneration policy) pursuing the achievement of financial performance in line with the expectations of our customers;
- foster sustainable development and rational use of all inputs, including natural resources and human capital, to ensure that the current generation meets its needs without compromising future generations' ability to meet theirs.[4]

The investment process of the Company incorporates the ESG and SRI principles set out in this Policy.

[1] Financial market participants shall include descriptions of the following in pre-contractual disclosures:

(a) the manner in which sustainability risks are integrated into their investment decisions; and

(b) the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available

[2] Where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, the information to be disclosed pursuant to Article 6(1) and (3) shall include the following:

(a) information on how those characteristics are met;

(b) if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics.

[3] Where a financial product has sustainable investment as its objective and an index has been designated as a reference benchmark, the information to be disclosed pursuant to Article 6(1) and (3) shall be accompanied by the following:

(a) information on how the designated index is aligned with that objective;

(b) an explanation as to why and how the designated index aligned with that objective differs from a broad market index.

Where a financial product has sustainable investment as its objective and no index has been designated as a reference benchmark, the information to be disclosed pursuant to Article 6(1) and (3) shall include an explanation on how that objective is to be attained.

Where a financial product has a reduction in carbon emissions as its objective, the information to be disclosed pursuant to Article 6(1) and (3) shall include the objective of low carbon emission exposure in view of achieving the long- term global warming objectives of the Paris Agreement.

[4] Brundtland, G. (1987). Report of the World Commission on Environment and Development: Our Common future. United Nations General Assembly Document A/42/427.

In particular, the commitment consists in evaluating the different issuers on the basis of the risks and opportunities associated with the following macro-areas:

(E – Environmental)

Issuers' positioning based on its behavior with regards to Environmental Sustainability topics. Factors such as the ability of positively positioning on GHG emission reduction, restricting the usage of non-renewable energy, efficient management of water consumption and waste generation, and active participation to activities aimed at reducing climate change impact.

(S – Social)

Issuer's evaluation based on Social criteria.
Fundamental characteristics such as – but not limited to – the company conduct toward its human capital, clients, suppliers, local communities and generally speaking human rights are assessed.

(G – Governance)

Assurance that the governance of the company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholders' interests, also by means of a remuneration policy consistent with this approach and long term-oriented

The corporate approach to sustainable and responsible investment is inspired by the principles contained in documents including*: UN Global Compact principles* (UNGC), *UN Guiding Principles on Business and Human Rights* (UNGPs), *OECD Guidelines for multinational enterprises*, *International Labor Organization Conventions*[5], *United Nations Convention against Corruption* (UNCAC).

3.1 ADOPTION OF THE PRINCIPLES OF RESPONSIBLE INVESTMENT OF THE UNITED NATIONS

Joining the United Nations principles for Responsible Investment (UN PRI) is a natural and essential step in continuing to manage savings, starting from a thorough analysis of the real needs and the risk profile of the customer.

UN PRI is an initiative promoted by a group of institutional investors in collaboration with the United Nation Environment Program Finance Initiative (UNEP FI) and the United Nations Global Compact (UNGC), established in 2006 and aimed, through 6 key principles, at promoting sustainable investment globally.

By joining the PRI, the Company confirms its dedication to sustainable and responsible investments, and commits to fulfil the 6 principles for responsible Investment:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Be active owners and incorporate ESG issues into our ownership policies and practices;
3. Seek appropriate disclosure on ESG issues by the entities in which we invest;
4. Promote acceptance and implementation of the Principles within the investment industry;
5. Work together to enhance our effectiveness in implementing the Principles;
6. Report on our activities and progress towards implementing the Principles.

[5] *ILO fundamental conventions and recommendations* concerning issues considered to be fundamental principles and rights on labor: Freedom of association and effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of employment discrimination.

3.2 FORUM PER LA FINANZA SOSTENIBILE

Since 2016 FAMI has joined the "Forum per la Finanza Sostenibile " (hereinafter the "Forum"), a non-profit organization based in Italy that includes financial operators and other organizations interested in the environmental and social impact of investments. The Forum promotes the knowledge and practice of sustainable investment, with the aim of spreading the integration of environmental, social, and corporate governance criteria into financial products and processes.

3.3 ADOPTION OF THE EFAMA STEWARDSHIP CODE

The European Fund and Asset Management Association (EFAMA) has issued a “Stewardship code” aimed at providing a series of best practices for asset managers to be followed when they engage with the companies in which they invest on behalf of its clients.

The Principles are designed to enhance the quality of dialogue with companies and help asset managers create value for their clients by dealing effectively with concerns over a company’s performance and their engagement in relation to an investee company on matters such as:

- Business strategy and its execution;
- Risk management;
- Environmental and social concerns;
- Corporate governance issues such as board composition and the election of independent directors, together with executive remuneration;
- Compliance, culture and ethics;
- Performance and capital structure.

FAMI fully supports the principles of the EFAMA Stewardship Code.

The EFAMA Stewardship Principles are the following:

- Asset managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities. Where asset managers decide not to develop an engagement policy, they should give a clear and reasoned explanation as to why this is the case;
- Asset managers should monitor their investee companies, in accordance with their engagement policy;
- Asset managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients’ investments;
- Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert;
- Asset managers should exercise their voting rights in a considered way;
- Asset managers should disclose the implementation and results of their stewardship and voting activities.

3.4 THE NET ZERO ASSET MANAGERS INITIATIVE

On October 15th, 2021 the Company joined the so-called "Net Zero Asset Managers Initiative" (hereinafter "NZAMI"), the international initiative promoted by asset managers committed to supporting the goal of achieving the neutrality of net greenhouse gas emissions by 2050 (so-called "Net Zero"), in line with the commitments made by the States that signed the Paris Agreement, aimed at containing the impacts of climate change and limiting the rise in temperatures by 1.5 °C by 2050.

The NZAMI commits to ensure transparency and rigor also in the achievement of the intermediate objective which plans to align to the so-called “Net Zero” scenario a portion of the assets under management already by 2030.

In this regard, NZAMI foresees:

- the average reduction of carbon emissions (CO_2) of at least 50% compared to the year 2019 (this goal is in fact recognized by the IPCC as a necessary condition to mitigate the rise in temperatures of up to 1.5 ° C by 2050);

- the promotion of a proactive engagement action towards less advanced issuers ("laggard") and sectors with greater impact ("high impact");
- transparency on the commitments undertaken within twelve months from the date of accession, with the commitment (i) to implement an annual reporting that integrates the annual disclosure required by the UN PRI and (ii) to review the intermediate objectives at least every five years until achieve 100% decarbonisation coverage of AUM by 2050.

Participation in NZAMI also takes the form of the positive management of the Company's resources, for example by monitoring the carbon footprint of its operations (e.g. consumption and energy sources).

4 ROLES AND RESPONSIBILITIES IN THE SUSTAINABLE INVESTMENT PROCESS

In order to promote a proper implementation of this Policy, FAMI involves the following corporate bodies and structures:

- Board of Directors;
- Managing Director;
- ESG/SRI Committee;
- Compliance Function;
- Risk Management Function;
- Investments.

The roles and responsibilities of corporate bodies and structures are described below.

Board of Directors

It sets out strategic guidelines in terms of sustainable investment on the basis of the proposals made by the ESG/SRI Committee, by such means as the selection and monitoring methodologies of financial instruments in order to integrate the analysis of sustainability risks within the Investment Process of the managed products.

It approves and oversees the proper implementation of the Sustainable and Responsible Investment Policy.

Moreover, after receiving prior opinion from the ESG/SRI Committee, it is entitled to approve possible Investment Cases proposed by the fund managers, properly motivated, as defined in paragraph 5.2 below.

Managing Director

The Managing Director formulates, with the support of the ESG/SRI Committee, proposals for the Board of Directors concerning the methodologies for the selection and monitoring of financial instruments aimed at integrating sustainability risks within the investment process of managed products.

Periodically monitors, within the ESG/SRI Committee, the implementation of the Company's Sustainability Policy using the reporting provided by the functions involved in the Committee.

ESG/SRI Committee

The ESG/SRI Committee is an advisory body supporting the Company's management in (i) defining proposals to be submitted to the Board of Directors regarding sustainability policies, (ii) monitoring the exposure in all the products and services offered to customers with respect to ESG and SRI criteria, (iii) monitoring the escalation process relating to the securities issued by "critical issuers", (iv) assessing the results deriving from the monitoring of the adverse impacts of investment decisions on sustainability factors and in the definition of any related mitigation actions to be undertaken, as detailed in paragraph 6.1.

The Committee shall meet at least three times a year. In case specific needs arise, and whenever it is considered appropriate, further calls are planned by way of exception.

Furthermore, as part of the oversight of ESG and SRI issues, the Committee defines the so-called exclusion lists, on the basis of the exclusion criteria further detailed in paragraph 5.1 and 5.2, by referring to the information acquired through the selected info-providers.

The Exclusion Lists identify:

- issuers operating in sectors deemed "not socially responsible" (see paragraph 5.1, "**SRI Binding Screening**");
- critical issuers with a high exposure to ESG risks (see paragraph 5.2, "**ESG Binding Screening**");
- issuers involved in particularly severe controversies (see paragraph 5.2, "**ESG Binding Screening**").

(all jointly, the "**Exclusion Lists**").

In addition, the findings of the evaluations conducted by the fund manager and/or ESG & Strategic Activism of FAM SGR are submitted to the ESG Committee for information/ratification. The ESG Committee analyzes the material supporting the "sustainable investment cases" submitted by the portfolio managers, which aims to integrating info-providers' evaluations to qualify a sustainable issuer.

In case of updates by the providers, with an impact on the mentioned lists (incoming or outgoing issuers e.g. following an improvement in ESG ratings), it will be allowed on request/initiative of the Investments and/or Risk Management functions, perform an update of the lists, with need for disclosure at the earliest Committee.

Risk Management function

Risk Management monitors the risk of sustainability and is responsible for ensuring the compliance of all UCITS and individual portfolios management mandates with the investment limits as proposed by the ESG/SRI Committee and approved by the Board of Directors. In line with the operating model in place, the execution of the related daily ex-ante compliance controls is delegated to Fideuram Asset Management SGR S.p.A. Operational Risk Management Desk[6] when the investment management responsibility is retained by the Company, and to the delegated investment managers otherwise.

In this context, the Function also oversees the compliance with the decision-making process and operating limits aimed at containing risks, including reputational risks, related to ESG and SRI issues.

Compliance Function

The Compliance function is responsible for ensuring the compliance risk, with reference to the regulatory perimeter on sustainable investments. This task is also carried out by ensuring compliance with this Policy, supervising the correct application of the controls covered by external and internal regulations and providing the necessary support to the internal structures.

Investments

The Investments function is responsible for ensuring the implementation of the principles of sustainable investment by promoting the integration of environmental, social and governance factors into the investment process.

5 FAMI APPROACH TO SUSTAINABLE AND RESPONSIBLE INVESTMENT AND THE PROCESS OF INTEGRATING SUSTAINABILITY RISK IN THE INVESTMENT PROCESS

In line with Principle 1 of the PRI and with the requirements of Regulation (EU) 2019/2088 on information on sustainability in the financial services sector, FAMI has defined specific methodologies for selecting and monitoring financial instruments in order to consider sustainability risks within the asset-management investment process, integrating ESG metrics into traditional financial assessment analysis on investments.

[6] The service is provided as per the "service contract" between FAMI and Fideuram Asset Management SGR S.p.A.

The Company's approach includes the adoption of sustainable strategies in line with PRI principles. These strategies can be integrated into different steps of the investment process and flexibly adapted to the different types of financial instruments as well as management strategies.

The following paragraphs describe the criteria adopted by the Company, consistently with the following SRI/ESG strategies:

- SRI exclusion criteria: Issuers operating in non-socially responsible sectors to which restrictions or exclusions apply with respect to the entirety of the individual assets under Management (so called "SRI binding screening"); issuers operating in sectors deemed not to be "socially responsible" are those companies characterized by a clear direct involvement in the production, maintenance, sales and storage of weapons of mass destruction or in the thermal coal industry, or in unconventional oil & gas mining.
- ESG screening and monitoring: "critical" issuers that are restricted or excluded from the entirety of individual assets under management (so called "ESG binding screening"); those issuers are those highly exposed to ESG risks or involved in particularly serious business controversies like violations of international treaties or principles such as the UN Global Compact and ILO Core Conventions.
- Integration of ESG factors: integration of ESG factors into the analysis, selection and composition of managed portfolios with flexible approaches with regards to asset class typology and product investment strategy, aimed at generating sustainable long-term financial performance; among these, the inclusion of sustainable topics focused on long-term structural growth (Sustainability Themed investing), the selection of the most virtuous issuers in terms of sustainable performance through the ESG score (positive or best-in-class screening) and the consideration of non-financial information in the financial assessment of issuers.
- Impact investments: an investment approach that enables to pursue specific sustainability objectives which can generate a positive and measurable social or environmental impact. (so called "*Impact investing*");
- Engagement and Stewardship: a proactive and systematic interaction with the companies considered relevant, in order to encourage the integration of sustainability factors into business management, and a conscious management aimed at reducing their negative environmental and social impacts. Engagement activities are developed through continuous and constructive dialogue, and the exercise of administrative and voting rights.

The following matrix links the strategies implemented by the Company with respect to the integration of the sustainability risks to financial products, following the SFDR Regulation's principles:

INTEGRATION STRATEGY	ART. 6	ART. 8	ART. 9
SRI Exclusion criteria (SRI binding Screening)	•	•	•
ESG Screening and Monitoring (ESG binding Screening)	•	•	•
Integration of ESG factors		•	
Impact investing			•
Engagement and Stewardship	•	•	•

For each strategy, FAMI has defined specific decision-making processes and operating limits aimed at containing risks, including reputational ones, of the managed products connected to ESG and SRI issues, compliance with which is monitored by the Risk Management function with the support of the Compliance Function.

5.1 SRI EXCLUSION CRITERIA (SRI BINDING SCREENING)

In view of its commitment to clients and investors, the Company has adopted restriction and exclusion criteria aimed at mitigating the risks associated with issuers operating in sectors considered “not socially responsible”.

Therefore, issuers directly operating in the following sectors are excluded from the investment perimeter:

- In the production and/or marketing of ordinary weapons, with the exception of issuers belonging to European Union and/or NATO countries or that have less than 5% of their revenue attributable to such activities (consistent with the provisions of the "Rules Governing transactions with subject active in the armaments sector" issued by Intesa Sanpaolo Group).
- In the production, maintenance, sales and storage of weapons of mass destruction (WMD), i.e. nuclear, biological, chemical and radiological weapons (NBCR)[7], including those which are excessively harmful and indiscriminate as identified by the United Nations Convention on Certain conventional Weapons (CCW)[8].
- in the extractive activities and production of electricity connected with thermal coal, the energy source among fuels which represents at the global level the highest incidence for carbon dioxide emissions; therefore, issuers with at least 25% of their revenues from these activities are excluded.
- In unconventional oil & gas mining activities. Issuers deriving at least 10% of their revenues from such activities are excluded[9].

Based on the aforementioned criteria - approved by the Board of Directors through the approval of this Policy - the ESG/SRI Committee defines the SRI Binding Screening Exclusion Lists of the issuers identified on the basis of the evidence acquired by specialized info-providers.

These exclusions include the following operating limits:

a) for products using a benchmark, the maximum permissible exposure is equal to the issuer’s weight on the benchmark;

b) investments in the issuer’s securities are not permitted for products that do not use a benchmark.

For products using a benchmark, in the face of major changes in the benchmark (as indicated in the "Proforma Index Snapshot" based on official information communicated by the info provider), the adjustment of the exposure may be brought forward for the period necessary to ensure that the operations generated are compatible with the liquidity of the security and do not produce distorting effects on the formation of the market price. The authorization process requires that the request to execute transactions anticipating the index rebalancing is formalized by the Head of the Investment Area and expressly approved by the Risk Management desk.

Furthermore, , in compliance with the instructions issued on July 26, 2024, by the Bank of Italy, COVIP, IVASS, and the Ministry of Economy and Finance (MEF) related to the Law No. 220 of December 9th, 2021, regarding enhanced controls on the operations of authorized intermediaries, a total ban is imposed on financing companies that produce landmines, cluster munitions and sub-munitions.

FAMI applies the exclusion criteria to all the products managed by the Company with the exception of those managed with the explicit aim of passively replicating a benchmark (if and when any of this product category is included in the scope of sub funds managed by FAMI) and any product with respect to which – due to the product features – FAMI is unable to have the visibility of the underlying assets (i.e. funds of funds).

It is also specified that, due to their characteristics oriented towards the energy transition and sustainability as a whole, investments in Green, Social and Sustainable Bonds are allowed, without the limitations identified bythis Policy, provided that the issuers are not involved in the so-called unconventional weapons and which comply with the UN Global Compact Principles.

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[7] United Nations Security Council, 2004, Resolution 1540 Non-proliferation of weapons of mass destruction

[8] Weapons that are controversial and/or prohibited by international treaties are defined as:
- nuclear, biological and chemical weapons;
- cluster and fragmentation bombs;
- weapons containing depleted uranium;
- anti-personnel mines.

[9] Includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal field gas, coal bed methane, and onshore/offshore Arctic.

5.2 ESG SCREENING AND MONITORING ACTIVITIES (ESG BINDING SCREENING)

The responsibility for creating and protecting the value of investment over time, has always been at the core of the Company's business, and is the prerequisite for the careful monitoring and the management of potential adverse impacts of sustainability risks on financial performance. For this reason, specific limits are set on investment in issuers with a high exposure to ESG risks.

Thus, "critical" issuers, namely those with high exposure to ESG risks or with involvement in particularly severe corporate controversies, are excluded from the investment perimeter.

These issuers are identified through the ESG rating of external providers and included in the ESG Binding Screening Exclusion List. The ESG/SRI Committee also evaluates potential critical situations related to the portfolio and the issuer.

Issuers characterized by the following are excluded from the investment perimeter:

- an ESG rating equal to "CCC"
- a severe and serious dispute equal to "Red".

Moreover, government issuers most exposed to ESG risk are excluded from the perimeter of investment, meaning that they are lacking in managing environmental, social, and governance risk factors, and that they can thus adversely affect their economies' wellbeing and growth in a long-term perspective. These government issuers are those with an ESG rating of "CCC".

These exclusions include the following operating limits:

- for products using a benchmark, the maximum permissible exposure is equal to the issuer's weight on the benchmark;
- investments in the issuer's securities are not permitted for products that do not use a benchmark.

For products using a benchmark, in the face of major changes in the benchmark (as indicated in the "Proforma Index Snapshot" based on official information communicated by the info provider), the adjustment of the exposure may be brought forward for the period necessary to ensure that the operations generated are compatible with the liquidity of the security and do not produce distorting effects on the formation of the market price. The authorization process requires that the request to execute transactions anticipating the index rebalancing is formalized by the Head of the Investment Area and expressly approved by the Risk Management desk.

FAMI applies the exclusion criteria to all the products managed by the Company with the exception of those managed with the explicit aim of passively replicating a benchmark (if and when any of this product category is included in the scope of sub funds managed by FAMI) and any product with respect to which – due to the product features – FAMI is unable to have the visibility of the underlying assets (i.e. funds of funds).

It is also specified that, due to their characteristics oriented towards the energy transition and sustainability as a whole, investments in Green, Social and Sustainable Bonds are allowed, without the limitations identified by this Policy, provided that the issuers are not involved in the so-called unconventional weapons and which comply with the UN Global Compact Principles.

Should one of the fund managers express interest in investing in a financial instrument of issuers included in the ESG Binding Screening Exclusion List exceeding the allowed limits, the operation is subject to the provision of an appropriate Investment Case. submitted for approval to the Board of Directors and subject to prior positive opinion by the ESG/SRI Committee.

5.3 INTEGRATION OF ESG FACTORS

The integration of ESG factors is a needed criteria for products that promote, among others, environmental or social characteristics, or a combination of these characteristics (pursuant to Art. 8 of the SFDR Regulation) on the condition of good governance practices, providing for the explicit integration of ESG factors into the analysis and selection of financial instruments.

In this context, compliance with issuers' good governance practices is ensured through the set of rules included in section on Good Governance practices below. Such rules were identified to test an issuer's adherence to the minimum requirement that guarantees the good governance of an issuer for inclusion in the investible universe.

The integration of ESG factors is promoted through:

- the inclusion of sustainable themes that focus on long-term structural growth (Sustainability themed investing),
- the selection of the most virtuous issuers in terms of sustainable performance through an ESG score and the consideration of non-financial information in the assessment of investments. In this context, the ESG scoring can be:
  - minimum, i.e. equal to at least a specific value, excluding instruments with a lower score, or
  - weighted average minimum, allowing to invest not only in best-in-class companies, which are characterized by high ESG scores but also in issuers with lower ESG scores, with prospects for improving their ESG profile.

These controls are applied on the basis of proportional and flexible criteria, with respect to the type of ESG characteristics promoted, the investment strategy and the type of invested asset class.

With reference to the definition of art. 8 SFDR Regulation and the consequent classification, FAMI has adopted the following rules by type of financial product:

- **products without benchmarks that invest mainly in securities characterized by**:
  - mono asset class investment strategy: average ESG portfolio scoring higher than that of the reference asset class;
  - multi-asset class strategy: average ESG portfolio scoring above the score determined as a weighted average of the scores for the AUM of each asset class that make up the financial product;
- **benchmark products that invest mainly in securities:** average ESG portfolio scoring higher than that of the benchmark; if it is not possible to calculate the benchmark score, an appropriate benchmark must be identified and aligned with the characteristics of the product;
- **products that invest mainly in UCIs:** minimum percentage of investments in UCIs classified as Art. 8 or Art. 9 SFDR equal to at least 70% of the total composition of the portfolio. These UCIs are selected from the investable universe subject to qualitative and quantitative evaluation by FAM UK Multi-Manager Team,
- **products that invest in securities and UCIs** (so-called "mixed" or with no clear asset class prevalence): the condition applied to securities products must be verified (i.e., portfolio score higher than that of the benchmark or the weighted average of the reference asset classes) and, in conjunction, at least 70% of the share of the portfolio invested in UCI must comply with the classification art. 8 or art. 9.

The above-mentioned rules by type of financial product in relation to the integration of ESG factors (ESG scores) are monitored so to ensure overall adherence, to allow prompt rectification of minor deviations and to identify any positions which are considered significant in terms of the size or duration of the deviation.

5.4 ESG INTEGRATION FOR INDEX TRACKING SUB-FUNDS

With regard to products characterized by investment policies that provide for passive management and/or indexed to a benchmark and that promote, among others, environmental or social characteristics, or a combination of such characteristics (pursuant to Article 8 of the SFDR Regulations), FAMI integrates ESG criteria by acting simultaneously on the benchmark and the product:

- selecting benchmarks that consider environmental and/or social factors and comply with good governance practices (so-called "ESG benchmarks");
- in the case of direct investments ("physical replication"), investing exclusively in instruments included in the benchmark, limiting investments outside the benchmark to the difference between the current benchmark and the pro-forma benchmark up to one week before rebalancing or in hedging instruments and ancillary liquidity;
- where the investment takes place through the use of OTC Derivatives ("synthetic replication"), managing the physical portfolio, if any, entered against the performance of the index, so to comply with the same requirements as defined in paragraph INTEGRATION OF ESG FACTORS above in relation to the case of products without benchmarks that invest primarily in securities[10].

The following are considered ESG benchmarks (i) the so-called "EU Climate Transition Benchmark," (ii) the so-called "EU Paris-aligned Benchmark"[11] and (iii) custom benchmarks capable of a) integrating, with respect to the parent index or reference market, the ESG factors in the manner defined in this policy or b) explicitly pursuing a measurable environmental or social goal.

To this end, when establishing the product and/or reviewing the investment policy, the Risk Management Function, with the support of the ESG & Strategic Activism (FAM SGR), analyzes the proposed methodology for integrating ESG factors into the index designated as benchmark in order to:

- ensure alignment with respect to the environmental or social characteristics promoted by the product and the investment strategy;
- verify the consistency of the benchmark construction rules with the SRI and ESG exclusion principles
- verify that the ESG benchmark considered as a portfolio meets the respective internally defined frameworks in relation to an equivalent market benchmark without the ESG criteria or explicitly pursues a measurable environmental or social goal.

Verification on the existence of the conditions necessary to consider the benchmark an ESG benchmark is carried out at the stage of product establishment on the basis of the sustainability policy in force at that time. At least annually, this verification is reperformed on the basis of the sustainability policy in force at the time. If material inconsistencies are identified, it may be necessary to redefine the ESG benchmark.

5.5 GOOD GOVERNANCE PRACTICES

The adherence to good governance practices for equity or bond issuers[12] is a prerequisite for investment by funds that promote environmental and/or social characteristics (Article 8) or have sustainable investment objectives (Article 9). While it does not provide an exhaustive definition of good governance behaviors and practices, Article 2 Paragraph 17 of the SFDR refers to four main areas, i.e., "sound management structures, staff relations, staff compensation, and compliance with tax obligations."

Issuers that are subject to at least one of the following critical issues do not meet the good governance criteria:

- are shown to lack sound corporate structures (i.e., lacking independent members on the governing body or have received a strongly negative opinion following inspections by the audit or have been recognized to be in violation of Principle 10 of the "UN Global Compact," "Businesses should work against corruption in all its forms, including extortion and bribery");
- have hindered the establishment of sound employee relations (i.e., have been recognized in violation of Principle 3 of the "UN Global Compact" ("Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining");

[10] I.e., the average ESG scoring of the physical securities portion of the investment must be higher than that of the reference asset class and be achieved in compliance with exclusion lists.

[11] As defined by EU Regulation 2019/2089 amending Regulation (EU) 2016/1011 regarding EU climate transition benchmark indices, EU benchmark indices aligned with the Paris Agreement, and sustainability-related communications for benchmark indices.

[12] As specified in the Q&A published by the European Commission on July 14, 2021, the good governance practices in Article 2(17) and the first subparagraph of Article 8(1) of Regulation (EU) 2019/2088 relate to invested companies and do not apply to government securities

- do not possess adequate remuneration policies (i.e., have been recognized in violation of Principle 6 of the "UN Global Compact" ("Businesses should uphold the elimination of discrimination in respect of employment and occupation");
- have been involved in serious tax infractions.

TOPIC SFDR	INDICATOR	EVALUATION SCALE	INDICATOR VALUE FOR NON-COMPLIANCE WITH GOOD GOVERNANCE PRACTICES.
Sound Management Structure	**Independent Directors**	• «0» → at least one independent director • «1» → no independent directors	= 1
	Audit Report Opinion	• Unqualified Opinion • Modified/qualified Opinion • Disclaimer of Opinion • Not Disclosed • Adverse Opinion	= “Adverse Opinion”
	UNGC Controversy Case - Principle #10 - *Businesses should work against corruption in all its forms, including extortion and bribery*	• Pass • Watchlist • Fail	= “Fail”
Employee Relations	**UNGC Controversy Case - Principle #3** - *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*	• Pass • Watchlist • Fail	= “Fail”
Remuneration of staff	**UNGC Controversy Case - Principle #6** - *Businesses should uphold the elimination of discrimination in respect of employment and occupation.*	• Pass • Watchlist • Fail	= “Fail”
Tax Compliance	**Tax Controversies Score Deduction**	• «-5» → Very Severe • «-2.5» → Severe • «-1.3» → Moderate • «-0.4» → Minor	<= -2.5

5.6 SUSTAINABLE INVESTMENTS OBJECTIVES

The following paragraphs describe the methods implemented by the products managed by the Company for the purpose of pursuing sustainable investment objectives pursuant to the SFDR Regulation[13], in compliance with *good governance practices*.

[13] Investment in an economic activity contributing to an environmental objective, measured, for example, by key resource efficiency indicators concerning energy use, renewable energy use, use of raw materials and water resources and land use, waste generation, greenhouse gas emissions as well as impact on biodiversity and the circular economy or an investment in an economic activity contributing 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 in economically or socially disadvantaged communities provided that such investments do not cause significant damage to any of those objectives and that the companies 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.

5.6.1 PRODUCTS WITH SUSTAINABLE INVESTMENTS OBJECTIVES

Managed products may pursue sustainable investment objectives provided that such investments do not cause significant damage to any of the environmental or social objectives set out in the SFDR Regulation and that the companies benefiting from such investments comply with good governance practices.

Please note that, as clarified by the SFDR Regulations, a product that has a sustainable investment objective (so-called "Article 9 Product") must consist entirely of sustainable investments, net of a residual percentage that may consist solely of hedging instruments and cash held as ancillary liquidity.

For the purpose of identifying sustainable investments pursuant to the SFDR Regulation, please refer to the paragraph "Methodology for the definition of sustainable investment" which sets out the criteria respectively for (i) issuers of financial instruments of an equity and/or bond nature and (ii) target UCIs.

5.6.2 IMPACT INVESTMENTS (IMPACT INVESTING)

Products that have sustainable investment objectives implement selection methodologies aimed at generating a measurable and positive social or environmental impact (so-called “Impact Investing”).

Depending on the sustainability objective pursued by the product, the Company may:

- designate a specific sustainable reference index, to which the strategy refers in order to select eligible investments;
- not designate a specific index, defining an investible universe through specific parameters such as the economic activity, which must be aligned with the sustainability objective pursued in line with what is indicated by the European Taxonomy; for example, those that invests in “green bonds”[14] fall into that category of products

Where the objective is to reduce carbon emissions, FAMI may consider:

- to designate a specific sustainable reference index aligned with the achievement of the long-term global warming goals of the Paris Agreement;
- not to designate a specific index, defining an investible universe based on parameters consistent with the achievement of the long-term global warming objectives of the Paris Agreement.

5.7 ENGAGEMENT AND STEWARDSHIP

Stewardship and engagement activities constitutes an integral part of the Company's investment process. Among these activities great attention is paid to the exercise of administrative and voting rights, with particular attention to proposals to be approved by the shareholders’ meetings in the field of sustainability. With regards to the engagement activity, FAMI – sometimes as promoter of the initiative - also participates in collective actions with the main objectives of circulating, adopting and strengthening sustainability among issuers.

In this process, FAMI provides information to issuers on the critical issues identified, in an effort of directing their decisions toward the immediate reduction of such concerns. Should the issuer fail to address these concerns effectively and promptly, the Company may consider initiating specific progressive reduction or divestment from such issuers.

In addition, as part of its engagement activities, the Portfolio Management and Multimanager department is engaged in awareness-raising initiatives among third-party Asset Managers in which it invests, to involve them in matters of relevance to the Company. This includes highlighting critical issues or areas for improvement that emerged during the due diligence process and urging their commitment to provide timely and accurate data used by FAMI (e.g., European ESG Template (EET) files, positions used by information providers).

The initiatives undertaken and decisions made regarding engagement activities towards issuers and third-party Asset Managers are reported and formalized to ensure full traceability of decision-making processes and outcomes.

The aim of these activities is to promote the consideration of ESG aspects in business strategies, and at the

[14] Debt securities issued by governments, their public agencies, supranational institutions or corporate issuers whose proceeds are used for the financing or refinancing, in part or in whole, of new projects and/or existing projects which result in positive environmental and/or climate benefits.

same time the thorough and attentive management of environmental, social and governance risks, and the adverse impacts on sustainability factors as described in paragraph 7.

6 METHODOLOGY FOR DEFINING SUSTAINABLE INVESTMENTS

Sustainable investment is defined in Article 2, Paragraph 17 of the SFDR Regulation as an "investment in an economic activity that contributes to an environmental objective [...] or an investment in an economic activity that contributes to a social objective [...] provided that such investments do not significantly harm any of these objectives and that the companies benefiting from such investments follow good governance practices [...]"

The following paragraphs set out the methodology adopted by FAMI for the purpose of identifying sustainable investments pursuant to the SFDR Regulation, with particular reference to (i) issuers of financial instruments of an equity and/or bond category and (ii) target UCIs.

6.1 ISSUERS OF FINANCIAL INSTRUMENTS IN THE EQUITY AND BOND CATEGORY

The methodology defined by FAMI for determining sustainable investments in equity or bond instruments stipulates that an investment can be considered "sustainable" if a corporate issuer meets the following criteria: (i) contributes to an environmental or social objective, (ii) adheres to the principle of not causing significant harm (known as "Do Not Significant Harm" or "DNSH"), and (iii) adopts good governance practices (see section on Good Governance Practices). These conditions are verified through the analysis of data provided by the specialized information provider "MSCI ESG Research."

Securities such as "Green Bonds" or similar (such as social bonds, sustainable bonds and transition bonds) are considered sustainable.

6.1.1 Verification of Contribution to an Environmental or Social Objective

FAMI identifies three ways to contribute to an environmental or social objective:

- Presence of targets validated by the Science Based Targets initiative (SBTi);
- Alignment of activities with the European Taxonomy;
- Alignment with sustainable development goals.

Presence of Targets Validated by the Science Based Targets Initiative (SBTi)

The Science Based Targets initiative (SBTi) is an internationally recognized organization dedicated to combating the climate crisis. It is active in developing standards, tools, and guidelines that enable companies to set greenhouse gas emission reduction targets in line with what is necessary to limit global warming to below 1.5°C compared to pre-industrial levels and to achieve net-zero GHG emissions by 2050. Additionally, SBTi assesses and validates the decarbonization targets of companies and financial institutions through its validation services. FAMI considers a corporate issuer to be positively contributing if it is engaged in a decarbonization process validated by SBTi.

Alignment of Activities with the European Taxonomy

The European Taxonomy is a classification system introduced by Regulation (EU) 2020/852 of the European Parliament and Council, which establishes a list of environmentally sustainable economic activities. A subsequent delegated act has defined the disclosure requirements. Specifically, non-financial companies are required to publicly disclose key performance indicators (KPIs) related to revenue, capital expenditures (CapEx), and operating expenses (OpEx) attributable to products, services, and processes related to environmentally sustainable activities. FAMI considers a corporate issuer to be positively contributing if it declares (i) a percentage of revenue aligned with the taxonomy of 5% or more, along with a percentage of CapEx of 50% or more, or (ii) a percentage of revenue aligned with the taxonomy of 20% or more.

FAMI is committed to monitoring the evolution of regulations and the market to assess the continued adequacy of the thresholds applied. These thresholds will be reviewed at least annually.

Alignment with sustainable development goals

The model defined by FAMI provides for the evaluation of issuers on the basis of an internal methodology which aims to analyze and measure the degree of alignment of an issuer with the n. 17 SDGs promoted by the United Nations.

The methodology involves the assessment of the degree of alignment with each of the SDGs with respect to the following components defined by "MSCI ESG Research" within its methodological framework "SDG Alignment Methodology":

1. "Product Alignment"[15], i.e. the indicator of the degree of "net alignment"[16] of an issuer's products and services to the targets associated with each SDG; this indicator aims to (i) estimate the revenue of companies issuing products and services that respond to one or more relevant SDGs and (ii) identify products and services that have potentially negative impacts with respect to the achievement of the SDGs;

2. "Operational Alignment"[17], i.e. the indicator of the degree of alignment of the production processes of the issuing companies with respect to specific Sustainable Development Goals (SDGs). This metric takes into account the internal policies, objectives and practices implemented by the issuers;

Each component is assigned a synthetic score that can vary from +10 ("Strongly Aligned") to -10 ("Strongly Misaligned"), depending on the following n. 5 categories:

EVALUATION	SCORE
Strongly Aligned	> 5
Aligned	>= 2 e <= 5
Neutral	> -2 e < 2
Misaligned	≤ -2 e > - 10
Strongly Misaligned	= - 10

An issuer is automatically considered "Strongly Misaligned" (and consequently unsustainable) if (i) it has more than 50% of the revenues deriving from products with adverse impacts on the SDGs (i.e., a "Product Alignment" with a score of -10) or (ii) is involved in one or more disputes classified as "Very Severe" (i.e., an "Operational Alignment" with a score of -10).

[15] The "Product Alignment" considers, among others, the following factors: products and services related to the fossil fuel sector, oil & gas, tobacco, plastics production, weapons, alternative energy production, clean tech, attention to nutrition.

[16] Net impact implies that some of a company's products and services may be well aligned with the Sustainable Development Goals, while other products may have a negative impact and show a misalignment with the goals.

[17] The "Operational Alignment" considers, among others, the existence of disputes, the presence of policies or other initiatives or improvement of the defined objectives.

The summary score of each SDG is determined by analysis (cd. "assessment") of the scores assigned to the two components, through the following matrix:

		PRODUCT ALIGNMENT																				
		Strongly Aligned					Aligned				Neutral			Misaligned								SM*
		10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
OPERATIONAL ALIGNMENT — Strongly Aligned	10	10	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	-10
	9	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-10
	8	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-10
	7	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-10
	6	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-10
Aligned	5	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-10
	4	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-10
	3	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-10
	2	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-10
Neutral	1	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-10
	0	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-10
	-1	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-10
Misaligned	-2	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-10
	-3	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-10
	-4	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-10
	-5	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-10
	-6	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-10
	-7	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-10
	-8	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-10
	-9	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-9.0	-10
SM*	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10

SM* = Strongly Misaligned

In conclusion, FAMI believes that an issuer can be considered a "positive contributor" if the issuer has at least 1 SDG with a score equal to "Aligned" or "Strongly Aligned", i.e. at least equal to 2 (≥ 2), and no SDGs with a score equal to "Misaligned" or "Strongly Misaligned", i.e. equal to or less than -2 (< = -2).

6.1.2 Verification of Compliance with the Principle of Do Not Significantly Harm (DNSH)

The European Supervisory Authorities (ESAs) have identified "Principal Adverse Impact indicators" (PAI) as the preferred tool for verifying DNSH in order to qualify an investment as sustainable[18], leaving financial market participants the freedom to determine an appropriate framework for considering these indicators.

FAMI has established a methodology that identifies a set of indicators to be tested for verifying compliance with the DNSH principle. As required by the ESAs, this set includes the 14 PAIs mandated for investments in companies and has been expanded to include exposure to tobacco production and misalignment with the SDGs (i.e. the presence of at least 1 SDG with a score of “Misaligned” or “Strongly Misaligned,” meaning less than or equal to -2 (≤ -2)). For each indicator, specific qualitative and quantitative criteria have been established to determine whether the test is failed or passed. Compliance with the DNSH principle is considered failed if the test on one or more indicators is failed.

Additionally, the methodology sets minimum disclosure requirements that companies must provide to be eligible for the DNSH test, with the absence of such disclosure equating to a failure.

Furthermore, the verification of the DNSH principle fails for issuers identified as "critical" as outlined in the section on ESG Screening and Monitoring Activities (ESG binding screening).

FAMI is committed to monitoring the evolution of regulations and the market to assess the continued adequacy of the identified indicators and the numerical thresholds applied to quantitative indicators. These thresholds will be reviewed at least annually.

[18] Disclosure of DNSH for sustainable investments under Article 2(17) SFDR: “the use of PAI indicators is mandatory to demonstrate that an investment qualifies as a sustainable investment. The PAI indicators to be used are the ones in Table 1 of Annex 1 and any relevant indicators in Tables 2 and 3 of Annex I”.

6.1.3 Sustainable Investment Case

In addition, if, as a result of qualitative or quantitative information deficiencies on the part of the info-provider, one of the Managers expresses interest in investing in:

- Issuers that fail the verification of Good Governance Practices or DNSH principle
- neutral issuers (i.e., issuers which, in compliance with Good Governance and Do Not Significant Harm criteria, do not have SDG scores of "Strongly Misaligned," "Misaligned," "Aligned," or "Strongly Aligned");
- Positive-impact issuers (i.e., issuers which, in compliance with the Good Governance and Do Not Significant Harm criteria, have at least 2 SDGs with scores equal to "Aligned" or "Strongly Aligned" and only one SDG with scores equal to "Misaligned").

The Portfolio Manager will have the option to prepare a special "sustainable investment case" for approval by the ESG/SRI Committee in order to qualify the above cases as "sustainable investments." A positive outcome, if any, will classify the issuer as a sustainable investment for both Article 8 and Article 9 products.

This activity is carried out as a supplementary analysis aimed at filling the gaps found on the data made available by the info-provider and is therefore to be understood as part of the methodology for defining sustainable investment.

Specifically, in the event that an already invested into issuer is subject to a loss of sustainable investment classification (so-called "downgrade") and a Manager believes that the conditions for the preparation of a sustainable investment case are met, the Manager must send to ESG & Strategic Activism (FAM SGR), within 10 business days of the downgrade notification, a reasoned request in which the main evidence is anticipated. Following this request, ESG & Strategic Activism (FAM SGR) has the authority to authorize the temporary retention of the position to allow for more in-depth analyses. In the event that the preliminary analyses do not find that the conditions necessary for the authorization are met, the issuer will lose the sustainable investment attribute[19]. In the event that the authorization is granted, the manager may supplement the material supporting the sustainable investment case in the following month.

The process, the outcome of which must be presented for disclosure/ratification to the ESG Committee, will end within 3 months from the start of the downgrade notification. Any positive outcome will classify the issuer as a sustainable investment for both art. 8 and art. 9 products

6.2 TARGET UCIs

With regard to target UCIs (mutual funds and SICAVs), FAMI has defined an evaluation methodology that aims to estimate the share of the product invested in sustainable issuers. To this end, in relation to UCIs that promote, inter alia, environmental or social characteristics, or a combination thereof, pursuant to Article 8 of the SFDR Regulation, FAMI shall consider:

1. for products managed by FAMI or its subsidiaries, the methodology for estimating the sustainable issuers referred to in the previous paragraph (so-called "look-through" approach);
2. for products established by third-party fund houses - without prejudice to the due diligence activities referred to in the paragraph "Screening process of target UCIs of third-party fund houses with regard to SRI and ESG factors" - the actual exposure declared in the offer documentation or through the European ESG template (EET). Should the actual exposure not be declared, the minimum exposure will be used.

Finally, it should be noted that UCIs that pursue sustainable investment objectives pursuant to Article 9 of the SFDR Regulation are considered, by definition, as sustainable.

[19] For Art. 9 products, it will then be necessary to divest financial instruments referable to these issuers; for Art. 8 products, investment may be maintained subject to compliance with any minimum sustainable investment percentage declared by the product.)

7 POLICIES RELATING TO THE ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

FAMI is aware that investment decisions could generate direct and indirect impacts, both positive and negative, on environmental, social or governance factors of sustainability. For this reason, the Company adopts the policies described in the following sections referred to the adverse impacts of investment decisions on sustainability factors.

7.1 IDENTIFICATION AND PRIORITIZATION OF THE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS AT ENTITY LEVEL (PURSUANT TO ART. 4 OF EU REGULATION 2019/2088)

In order to better define the Company's actions with respect to the principal adverse impacts deriving from its investment decisions, FAMI has identified the fight against climate change and respect for human rights as priorities among sustainability issues. Regarding these priorities, FAMI identifies and manages the principal adverse impacts through the application of the exclusion criteria described in Chapter 5 of this policy, analyzing parameters such as:

- the degree of involvement in the mining and production of electricity from thermal coal;
- the degree of involvement in controversial weapons and mass destruction sectors;
- the presence of critical issues in the conduct of business activities, such as the violation of international treaties or principles;
- exposure to sustainability risks.

In addition, with reference to these adverse impacts, FAMI monitors the entire portfolio on the basis of a series of environmental, social and governance indicators, through the information collected by a specialized info-provider. The most relevant indicators monitored include:

- greenhouse gas emissions;
- greenhouse gas emissions produced with respect to the investee company's revenues or gross domestic product[20] (so-called GHG intensity);
- production and consumption of energy generated from non-renewable sources;
- exposure to companies active in the fossil fuel sector;
- violations of the UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- exposure to controversial weapons sector;
- unadjusted gender pay gap and Board gender diversity.

The indicators are monitored taking into consideration the list of priorities defined by FAMI from time to time with regard to sustainability factors, of the potentially irreparable character due to the likelihood and severity of the adverse effects considered as well as the actual availability of the values underlying the calculation of the indicators, which are expected to be increasingly greater as sensitivity to ESG factors increases, due to requests from regulators, investors and stakeholders of all kinds. Environmental indicators will benefit from the portfolio decarbonisation commitment targets set following joining the Net Zero Asset Managers Initiative.

The results of these surveys are presented to the ESG / SRI Committee which assesses the presence of issuers or investments that exhibit particularly negative performance in terms of adverse impacts on sustainability factors (hereinafter also "PAI"), on which it may decide to initiate:

- specific engagement actions on the issuers concerned, with the aim of guiding them to improve their practices and performance on the sustainability factors for which they have performed negatively;
- specific actions to reduce or dispose of investments, even of a progressive nature, with a high negative impact (including potential) on sustainability factors.

[20] "GHG intensity of sovereigns"

7.2 PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS AT FINANCIAL PRODUCT LEVEL

The assessment of the main negative[21] effects of investment choices on sustainability factors and the definition of possible related mitigation actions are an integral part of FAMI approach to sustainability.

In this context, FAMI has adopted a specific framework that defines how the "Principal Adverse Impact indicators" ("PAI") are taken into account within the assets managed, in accordance with the provisions of the Regulatory Technical Standards (RTS) of Regulation 2019/2088.

This framework provides for the use of specific indicators, as declined in the RTS[22], on the basis of the guidelines already defined by FAMI according to the characteristics and objectives of the individual financial products, which provide for the use of mechanisms of (i) negative screening of SRI and ESG factors, with the aim of mitigating the risks of exposure to companies operating in sectors deemed not "socially responsible" (such as, among others, the exposure to the unconventional weapons sector) or characterized by environmental, social or corporate governance criticalities, (ii) positive integration of ESG factors in the analysis, selection and composition of financial portfolios (ESG Score), (iii) active shareholders vis-à-vis investee issuers, (iv) investment of a minimum percentage in UCITS that consider PAIs and (v) identification of sustainable investments under the SFDR Regulation through the methodology for assessing the degree of alignment with each of the SDGs, or pursuing measurable positive impacts.

In particular, regarding the component in securities, FAMI is committed to mitigating the main negative impacts on sustainability by identifying appropriate actions, including the application of ESG and SRI exclusion criteria expressed in this Policy and adherence to focused alliances and initiatives. For investments in target UCITS, FAMI is committed to ensuring an adequate minimum percentage of investments in UCITS that consider PAIs, with specific reference to indicators aligned with those identified by the company at the financial product level, particularly those significant for the relevant asset class.

The selected environmental PAI refer instead to the CO^2 emissions Scope 1 and Scope 2 and GHG Intensity, in view of the topics related to the Net Zero Asset Managers Initiative.

Two social PAI were selected to limit exposures to violations of the UNGC principles/OECD guidelines and exposure to controversial weapons sector.

For financial products that take into consideration PAI, the following indicators have been identified:

PRINCIPAL ADVERSE IMPACT (PAI)	PAI CATEGORY
PAI applicable to equity instruments	
Carbon emission (Scope 1 + 2)	Environmental
GHG intensity of investee companies	Environmental
Violations of UNGC principles and OECD guidelines for Multinational Enterprises	Social
Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons)	Social
PAI applicable to government bond and supranationals	
GHG intensity	Environmental
Investee Countries subject to social violations	Social

[21] 'Major adverse effects' (or 'major adverse impacts') means the effects of investment decisions and investment advice which have negative impacts on sustainability factors.

[22] The Regulatory Technical Standards ("regulatory technical standards" or "RT" related to the SFDR Regulation), currently being consolidated, specify the content, methodologies and presentation of the information required by Article 4 of the Sustainable Finance Disclosure Regulation in relation to the main negative impacts at entity level for sustainability indicators (i) on climate and other negative impacts related to the environment and (ii) in the field of issues social and employees, respect for human rights, the fight against corruption and bribery.

For products (and in particular with reference to the one classified as art. 9 SFDR) it is possible to consider, from time to time, a subset of indicators wider than the minimum set indicated in the table above and which will be appropriately defined in the offer documentation.

For products that invest mainly in Private Markets, in consideration of the peculiarities that characterize the target companies, it is deemed sufficient to consider only one environmental and one social PAI within the entire set of compulsory ones, in line also with the Group's provisions. FAMI portfolio managers can check the PAI data concerning the products managed in order to include this information in the investment decision-making process. However, considering the large variability of PAI data at sectoral and geographical level, as well as their retrospective nature, no thresholds or stringent limits are set at portfolio level.

In addition, with regard to investment in target funds, particular attention will be paid to prioritise, where possible, target funds with PAI aligned with those identified by the Company at the entity level and / or for specific products.

7.3 REFERENCES TO INTERNATIONAL STANDARDS

In applying the criteria described in this Policy on principal adverse impacts of its investment decisions on sustainability factors, FAMI is inspired by and considers the main international standards and codes of conduct, some of which have already been mentioned above. Specifically, these include:

- the United Nations Principles for Responsible Investment;
- the United Nations Global Compact Principles;
- the OECD Principles of Corporate Governance;
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights (UNGPs);
- the ILO fundamental conventions and recommendations;
- the United Nations Conventions against Corruption (UNCAC);
- the United Nations Sustainable Development Goals (UN SDGs);
- the greenhouse gas emission reduction targets of the Paris Agreement on climate change.

8 SCREENING PROCESS FOR THIRD-PARTY FUNDS

As part of the process of selecting and monitoring target funds for third-party asset managers, the Company analyzes the level of integration of environmental, social and corporate governance factors into the Policy and investment process.

In this respect, in order to define a dedicated universe of third-party asset managers and ESG/SRI funds, the financial analysis of these assets is integrated with ESG or SRI considerations aimed at deepening whether:

- the asset manager has adopted an investment policy that includes ESG or SRI criteria, also in accordance with Regulation (EU) 2019/2088, focusing on binding integration and/or exclusion criteria;
- the investment policies of the individual fund, verifying:
  - the promotion, among other characteristics, of environmental or social characteristics, or a combination thereof, and the compliance with good governance practices, in accordance with Article 8 of Regulation (EU) 2019/2088;
  - the adoption of sustainable investment objectives, in accordance with Article 9 of Regulation (EU) 2019/2088;
  - the potential presence of additional, distinctive ESG characteristics in the management of individual products and the alignment to the PAI selected by FAMI as entity and/or for specific products.

Additionally, the compliance of asset managers with the instructions issued on July 26, 2024, by the Bank of

Italy, COVIP, IVASS, and the Ministry of Economy and Finance (MEF) related to the Law No. 220 of December 9th, 2021, for the implementation of enhanced controls on the operations of authorized intermediaries to counteract the financing of companies that produce landmines, cluster munitions and sub-munitions is currently under analysis.

The information used in the selection and monitoring process is acquired directly from the fund houses and/or through specialized info providers (e.g. Bloomberg, Morningstar, MSCI).

9 DELEGATED ASSET MANAGERS

Where the financial management of one or more products is delegated to a third-party fund house, the Company shall verify, through the initial due diligence and on-going process carried out by the competent functions of the Company, that such parties adopt policies with similar principles adopted by the Company through this Policy and in accordance with the requirements of the current legislation on sustainability risk management.

After the evaluation of the third-party Investment Manager ESG Policy, FAMI can decide to give specific instructions with regard to, inter alia, securities, issuers, sectors or to request the application of FAMI exclusion criteria.

As internal policy, unless differently agreed between the parties, the Company does not delegate the exercise of voting rights to delegated managers and thus its Engagement Policy applies.

10 REVIEW, PUBLICATION AND TRANSPARENCY OF THE POLICY

The Company's Sustainable and Responsible Investment Policy is reviewed at least on an annually basis by ESG/SRI Committee, in coordination with the Compliance function with the objective of assessing the consistency of the methodologies adopted by the Company with regards to the evolution of best practices developed at national and international level. Any changes are brought to the attention of the Board of Directors and submitted for approval.

In accordance with the regulations in force, the Company makes this Policy available to its customers/investors and other stakeholders, including any relevant changes to it, on the www.fideuramassetmanagement.ie website.

Consistently with the timeline of the SFDR Regulation, the Company commits to provide transparency in the pre-contractual documentation and periodic reports of the managed products and their environmental or social characteristics. These documents shall include both qualitative and quantitative information.

Finally, FAMI, in order to create a solid knowledge base and a common know-how with the whole organization on sustainable and responsible investment, also enabling the effective application of this Policy, in coordination with the competent functions of the parent company, organizes training sessions, both in presence and e-learning mode, focusing on existing concepts, terminology and legislation.