



Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Fideuram Asset Management Ireland (EIIY70MZ51Q4RSX07995)

Summary

Fideuram Asset Management Ireland (EIIY70MZ51Q4RSX07995) – hereinafter “FAMI” or “the Company” – considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Fideuram Asset Management Ireland.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

The document aims to describe:

- the principal adverse impacts on sustainability factors, including actions taken, actions planned and targets set for the next reference period;
- policies to identify and prioritize principal adverse impacts on sustainability factors;
- Engagement policies implemented in order to consider principal adverse impacts on sustainability factors;
- to what extent FAMI adheres to responsible business conduct codes and internationally recognized standards for due diligence and reporting.



Description of the principal adverse impacts on sustainability factors

Table 1

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas Emissions	1. GHG emissions	Scope 1 GHG emissions	1.286.996,14	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Net Zero: reduction of the average GHG emissions, reporting and engagement (more details in the “References to international standards” section). ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>Considering that, currently, Net Zero Initiative does not apply to all of FAMI Asset Under Management, in order to achieve a better coverage, it is planned to enlarge the application scope.</p>
		Scope 2 GHG emissions	263.413,53	N/A		
		Scope 3 GHG emissions	9.275.767,61	N/A		
	Total GHG emissions	10.789.813,34	N/A			
	2. Carbon footprint	Carbon footprint	275,57	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Net Zero: reduction of the average GHG emissions,



						<p>reporting and engagement (more details in the “References to international standards” section).</p> <ul style="list-style-type: none"> ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>Considering that, currently, Net Zero Initiative does not apply to all of FAMI Asset Under Management, in order to achieve a better coverage, it is planned to enlarge the application scope.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies	943,44	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Net Zero: reduction of the average GHG emissions, reporting and engagement (more details in the “References to international standards” section). ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund,



					<p>verifying the alignment to the PAI selected by FAMI as entity and/or for specific products</p> <p>Actions planned and targets set for the next reference period</p> <p>Considering that, currently, Net Zero Initiative does not apply to all of FAMI Asset Under Management, in order to achieve a better coverage, it is planned to enlarge the application scope.</p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	5,93%	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>It is planned, through 2023, to implement the Sustainable and Responsible Investment Policy with an exclusion criterion based on % of revenues of issuers involved in unconventional mining of oil and gas</p>
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	69,72%	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through



						<p>calculation/reporting</p> <ul style="list-style-type: none"> 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	SECTION A - AGRICULTURE, FORESTRY AND FISHING	0,80	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal Assessment of the PAI indicator, obtained through calculation/reporting 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
		SECTION B - MINING AND QUARRYING	2,03	N/A		
		SECTION C - MANUFACTURING	0,94	N/A		
		SECTION D - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	6,92	N/A		
		SECTION E - WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	1,77	N/A		
		SECTION F - CONSTRUCTION	0,16	N/A		
		SECTION G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	0,13	N/A		
		SECTION H - TRANSPORTATION AND STORAGE	1,85	N/A		



			SECTION L - REAL ESTATE ACTIVITIES	0,49	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		0,09%	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Assessment of the PAI indicator, obtained through calculation/reporting • 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
Water	8. Emission to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average		2,03	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Assessment of the PAI indicator, obtained through calculation/reporting • 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>



Water	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1,13	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Assessment of the PAI indicator, obtained through calculation/reporting • 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,65%	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Exclusions*: “critical” issuers that are restricted or excluded from the entirety of individual assets under management; 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. • Assessment of the PAI indicator, obtained through calculation/reporting • 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products



						<p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	30,54%	N/A			<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: “critical” issuers that are restricted or excluded from the entirety of individual assets under management; 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. ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14,59%	N/A			<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Assessment of the PAI indicator, obtained through calculation/reporting ● In order to define a dedicated universe of third-party asset



						<p>managers and ESG/SRI funds, the financial analysis of these assets is integrated with ESG or SRI considerations aimed at deepening the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products</p> <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33,61%	N/A			<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Assessment of the PAI indicator, obtained through calculation/reporting • 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,08%	N/A			<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> • Exclusions*: issuers involved in the production, maintenance, sales and storage of weapons of mass destruction • Assessment of the PAI indicator, obtained through calculation/reporting • In order to define a dedicated universe of third-party asset



						<p>managers and ESG/SRI funds, the financial analysis of these assets is integrated with ESG or SRI considerations aimed at deepening the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products</p> <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	360,80	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: issuers with ESG rating equal to CCC ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>



Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	118 6,65%	N/A		<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: issuers with ESG rating equal to CCC ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A		N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A		N/A

* For products using a benchmark, the maximum permissible exposure is equal to the issuer's weight on the benchmark



Table 2

Additional climate and other environment-related indicators

Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies					
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	18,49%	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Net Zero: reduction of the average GHG emissions, reporting and engagement (more details in the “References to international standards” section). ● Exclusions*: issuers deriving at least 25% of their revenues from extractive activities and production of electricity connected with thermal coal ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>Considering that, currently, Net Zero Initiative does not apply to all of FAMI Asset Under Management, in order to achieve a better coverage, it is planned to enlarge the application scope.</p>

* For products using a benchmark, the maximum permissible exposure is equal to the issuer’s weight on the benchmark



Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies					
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	7,36%	N/A	<p>Actions taken</p> <p>During the reference period, the following actions have been taken:</p> <ul style="list-style-type: none"> ● Exclusions*: “critical” issuers that are restricted or excluded from the entirety of individual assets under management; 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. ● Assessment of the PAI indicator, obtained through calculation/reporting ● 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 the investment policies of the individual fund, verifying the alignment to the PAI selected by FAMI as entity and/or for specific products <p>Actions planned and targets set for the next reference period</p> <p>With reference to this PAI there is currently no specific actions planned or targets set for the next reference period.</p>

* For products using a benchmark, the maximum permissible exposure is equal to the issuer’s weight on the benchmark



Description of policies to identify and prioritize principal adverse impacts on sustainability factors

The policy to identify and prioritize principal adverse impacts on sustainability factors (hereinafter also “PAI”) has been approved by FAMI Board of Directors as part of the “Sustainable and Responsible Investment Policy” which, at the time of publication of this PAI Statement, was last updated on July 2022.

The responsibility for the implementation of the policy within organizational strategies and procedures is allocated as follows:

Activities	Owner*
<ul style="list-style-type: none"> ● Identification and prioritization of PAIs ● Set of strategies definition for PAI consideration 	ESG committee (FAMI), supported by ESG & Strategic Activism (FAM), Investments (FAMI), Multimanager (FAM UK), Compliance (FAMI), Risk Management (FAMI)
<ul style="list-style-type: none"> ● Definition of calculation methodologies and data aggregation 	ESG committee (FAMI), supported by ESG & Strategic Activism (FAM), Risk Management (FAMI), Compliance (FAMI), supported by Operations (FAM)
<ul style="list-style-type: none"> ● Data gathering and periodic collection of data ● Calculation of PAI indicators 	ESG committee (FAMI), supported by ESG & Strategic Activism (FAM), Risk Management (FAMI), Compliance (FAMI), Operations (FAM)
<ul style="list-style-type: none"> ● Definition of the content of this document, as required from Regulation 2022/1288 ● Publication of this document on the website 	ESG committee (FAMI), supported by ESG & Strategic Activism (FAM) Operations (FAM), Product development (FAMI) Organization & IT (FAMI)
<ul style="list-style-type: none"> ● Review of quarterly PAI data and internal report monitoring 	ESG committee (FAMI), supported by ESG & Strategic Activism (FAM), Investments (FAMI), Multimanager (FAM UK), Risk Management (FAMI), Compliance (FAMI), Operations (FAM)
<ul style="list-style-type: none"> ● Monitoring and reporting of actions planned 	Owner and working group composed are defined according to the action planned

* FAM (Fideuram Asset Management) is part of Intesa Sanpaolo Private Banking division and covers some of the abovementioned activities through a specific service agreement in place with FAMI

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 infoprovider. The most relevant indicators monitored include:

- greenhouse gas emissions;
- greenhouse gas emissions produced with respect to the investee company's revenues or gross domestic product¹⁵ (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, 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 decarbonization 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.

Considering the still limited availability of reliable data on many PAIs, the large variability of PAI data at sectoral and geographical level, as well as their backward-looking nature, no thresholds or stringent limits are set.

FAMI gathers data from an external infoprovider in order to perform PAI calculation.

Considering regulatory deadlines and data at the moment available from the infoprovider, for the current year, the following margin of errors could be present:

1. The infoprovider relies on a methodology which, while determining the PAI value, takes into account:
 - a. For the numerator, the value of the adverse impact related to corporate issuers, sovereign and sub-funds, regardless the kind of indicator (therefor, without taking into account if the indicator applies to investee companies, sovereign and supranationals).
 - b. For the denominator, the current value of all investments of the portfolio, aside from specific cases deriving from the calculation of each indicator according to the provider methodology.

Such methodology could lead to underestimate the PAI value, considering that the denominator would tend to be overestimated.

2. Some indicators require EVIC calculation (Enterprise Value Including Cash). Data available from the infoprovider related to investee companies are not always updated at 31/12/2022. Therefore, the PAI value could result overestimated or underestimated.
3. Some indicators require the calculation of the current value of the investment, with reference to the evaluation carried out for EVIC calculation, in order to represent the variation of the current value of the investment as a variation of the number of shares held, nullifying the market effect. Since data are not always available (for example for expired bonds and no longer held instruments), the evaluation has been carried out by taking into account prices related to the assessment date. Therefore, the PAI value could result overestimated or underestimated.
4. The infoprovider, where data are not available from investee companies, in order to perform a “best effort”, makes estimates based on internal methodologies, leading to potentially underestimate or overestimate the PAI value.
5. At the moment, it is not possible to assign an equivalent value to derivatives at 31/12 and, as a consequence, it is not possible to calculate the PAI value on such instruments. Therefore, the PAI value could result underestimated.



Engagement Policies

With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, FAMI conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio -, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management". In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers.

The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes.

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:

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

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.

Net Zero Asset Managers Initiative

On 15 October 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. 7 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 (CO₂) 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% decarbonization 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).

Moreover, FAMI adheres to the following standards and codes of conduct:

- the United Nations Principles for Responsible Investment;
- the United Nations Global Compact Principles (PAI 10-11);
- the OECD Principles of Corporate Governance (PAI 10-11);
- the OECD Guidelines for multinational enterprises (PAI 10-11);
- the United Nations Guiding Principles on Business and Human Rights (UNGPs) (PAI 10-11);
- the ILO fundamental conventions and recommendations (PAI 10-11);
- the United Nations Conventions against Corruption (UNCAC) (PAI 10-11);
- the United Nations Sustainable Development Goals (UN SDGs) (across all PAIs);
- the greenhouse gas emission reduction targets of the Paris Agreement on climate change (PAI 1-2-3-15)

Given the ever-changing regulatory scenario and the non-exhaustiveness of the methodologies currently available at the market level, FAMI does not consider relevant (considering FAMI adoption of the methodologic framework developed from IGCC called "Net Zero Investment Framework 1.5°C") the use of a forward-looking climate scenario.