

INFORMATION PURSUANT TO REGULATION (EU) 2019/2088

ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR

In relation to the transparency obligations introduced by Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the *Sustainable Finance Disclosure Regulation*, "SFDR"), the AMC discloses the following points.

Disclosure pursuant to Article 3 of the SFDR

According to Article 3 of the SFDR, "financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making processes".

The AMC integrates sustainability risks in investment decisions. In particular, it implements processes aimed at analysing, both in the preliminary assessment phase of the investment and in the post-investment phase, the relevant sustainability risks with respect to the type of funds managed.

The AMC has defined specific methodologies for the selection and monitoring of the instruments in which it invests, interpreting them according to the characteristics of the products and their classification pursuant to Article 6 or Article 8 of the SFDR.

In particular, the funds managed by the Company adopt the following "macro strategies":

- **NEGATIVE SCREENING**, which provides for the application of limitations relating to companies operating in sectors deemed not "responsible";
- **POSITIVE SCREENING**, which involves the integration of ESG factors in the analysis, selection and composition of assets being managed, in compliance with good governance practices.

In order to assess the monitoring of ESG issues and the integration of sustainability risks, in line with the type of fund managed and in compliance with current ESG regulations, the AMC carries out annual monitoring, aimed at examining progress with respect to the issues investigated.

The sustainability risk integration strategies implemented by the funds managed by the AMC are listed below:

NEGATIVE SCREENING

- **EXCLUSIONS AND RESTRICTIONS:** companies operating in sectors deemed not "responsible" and/or excluded by law. It should be noted that the investment policy of the funds managed excludes or limits investment transactions in companies in relation to which there is evidence of human rights violations and in entities which are active, or which control, directly or indirectly, those which are active in a series of sectors, including but not limited to, the following:

1. production, trade or other activities which are prohibited under the rules in force in the countries where they take place, including, in any event, human cloning;
2. the production of and/or trade in tobacco;
3. the production of and/or trade in distilled alcoholic beverages and related products;
4. the production of and/or trade in firearms and/or explosives;
5. gambling and equivalent activities;
6. pornography and child pornography;
7. the production of and/or trade in fur;
8. the research, development and/or technical application of electronic solutions and/or programs that are specifically intended for the following activities:
 - (i) the production of goods substantially similar to those referred to in numbers 1 to 7 above;
 - (ii) internet betting and/or online gambling; or systems that are specifically designed to illegally allow:
 - access to electronic *networks* and/or electronic data storage systems; or
 - the downloading of data in electronic format.

POSITIVE SCREENING

- **GOOD GOVERNANCE:** products classified under Article 8 of the SFDR are invested in companies that comply with good *governance* practices pursuant to the same Regulation, i.e. in those companies that (i) have solid management structures, (ii) have no critical issues in terms of employee relations, (iii) have no critical issues with reference to staff remuneration, (iv) comply with tax obligations and (v) do not have disputes.
- **INTEGRATION OF ESG FACTORS:** analysis, selection and composition of the portfolios of the managed funds with the aim of building portfolios that comply with good *governance* practises. These portfolios are characterized by investments that pass a specific ESG screening process, which is carried out with the support of a specific due diligence questionnaire and with the possible support of expert consultants in the field. This process makes it possible to verify the monitoring of the counterparty's environmental and social issues and to give form to the investment choice. Through the application of a proprietary methodology, the due diligence questionnaire generates a score on the counterparty's sustainability performance (ESG score), which is used in the investment decision.

The following table shows the connection matrix of the strategies implemented by the AMC and the methods of integrating the sustainability risks of financial products laid down in the SFDR:

MACRO STRATEGY	STRATEGY	FUNDS	
		ART. 6 SFDR	ART. 8 SFDR
NEGATIVE SCREENING	SRI exclusion and restrictions	☑	☑
POSITIVE SCREENING	Good governance practices		☑
	Integration of ESG factors		☑

For each of the strategies, the AMC has defined specific decision-making processes and operational limits aimed at containing the risks, including reputational risks, of the portfolios managed. Compliance with these limits is monitored by the Compliance & AML Department and the Risk Management Department, in accordance with the Rules of the funds managed.

In view of the nature of the AMC's business, which is mainly aimed at finding and selecting target companies for the funds managed, these restrictions apply to investment transactions subsequent to the entry into force of the Sustainability Policy.

In the post-investment phase, the sustainability risk governance framework is primarily based on the ESG Sectoral Assessment methodology, in accordance with the practices developed at Intesa Sanpaolo Group level. Taking as the starting point the sector classification based on the ATECO/NACE code, the sectors and subsectors most affected by climate change and ESG risks are identified for appropriate assessments. This methodology serves as the basis for the monitoring of sustainability risks, carried out by the Risk Management Department, in relation to the fund's investment portfolio.

Furthermore, during the management phase, for funds classified pursuant to Article 8 of the SFDR Regulation, the AMC uses the due diligence questionnaire in order to calculate any deviations in the ESG score and to assess any actions to enhance sustainability performance.

Disclosure under Article 4 of the SFDR - Failure to consider the adverse effects of investment decisions on sustainability factors

According to Article 4 of the SFDR, *"financial market participants shall publish and maintain on their websites:*

- a) *where they consider principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available; or*

- b) where they do not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts."**

The AMC, at the *entity* level, does not consider the principal adverse effects of investment decisions on sustainability factors (hereinafter also referred to as "PAI indicators"), as indicated in Article 4(1) b) of the SFDR, as the type of its investments and the characteristics of the target companies mean that there are severe limitations as regards monitoring these effects. Consequently, there is insufficient data available to carry out the assessments that would be necessary to take into account the PAIs under the relevant legislation.

Disclosure under Article 5 of the SFDR

According to Article 5 of the SFDR, "financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites."

The AMC's remuneration and incentive policies are consistent with the provisions on the integration of sustainability risks pursuant to the SFDR.

Given its commitment to social, cultural and environmental sustainability, as well as in line with the provisions of the SFDR and those of the Intesa Sanpaolo Group, in 2021 the AMC decided to add a specific "ESG" (*environmental, social and governance*) KPI to the strategic action objectives to be assigned to the entire management team.

This KPI represents an update of the previous transversal Diversity & Inclusion KPI of the Intesa Sanpaolo Group, which focused on a specific area related to social factors. By contrast, the new KPI takes into account more ESG factors and areas, in line with specific activities and projects carried out by the Company.

The ESG KPI is assessed both at the level of the Intesa Sanpaolo Group, with the objective of recognising the Group's overall commitment, and at the level of the Governance Area to which the AMC belongs, in order to enhance the areas of action of the Group's individual structures.