

**Pre-contractual disclosure for the financial products referred to in
Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and
Article 6, first paragraph, of Regulation (EU) 2020/852**

Product name:

Fonditalia - Fonditalia Financial Credit Bond

Legal entity identifier

549300ZQIJITOUOHZ543

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ **Yes**

☐ ☒ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: _%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective** _%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0 % of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The main environmental and social characteristics promoted by the Sub-fund through the Management Company's ESG methodology are the following:

- Environmental: climate change prevention (in terms for example of reduction of carbon emission, carbon footprint, climate change vulnerability), pollution & waste prevention (with reference to toxic emissions & waste, packaging material & waste, electronic waste), environmental opportunities (in clean tech, in renewable energy).

- Social: human capital (labor management, health & safety, human capital development, supply chain labor standards), product liability (product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk), social opportunities (access to communications, access to finance, access to health care, opportunities in nutrition & health), stakeholder opposition (controversial sourcing, community relations).

No reference benchmark has been designated for the purpose of attaining the environmental or

social characteristics promoted by the Sub-fund.

● **What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The indicators used to measure the attainment of each of the environmental or social characteristic promoted by the Sub-fund are:

- the absence of investments in securities that are on the exclusion list as result of the application of the exclusion policy. The Investment Manager excludes investment in sectors which deems to be harmful from an SRI/ESG perspective or which do not follow good governance practices. The Sub-fund complies with an exclusions policy which refers to: i) the production, maintenance, sales and storage of weapons of mass destruction (WMD); and ii) the extractive activities, production and distribution of electricity connected with thermal coal, the energy source among fuels which represents the highest contributor in terms of carbon dioxide emissions; therefore, issuers deriving at least 25% of their revenues from these activities are excluded. The exclusion is extended to those issuers in breach of the Principles of the UN Global Compact which include principles relating to human rights, labour conditions, environmental issues and anti-corruption practices;
- the ESG rating of the portfolio.

The average ESG portfolio scoring will be higher than that of the reference asset class. The Investment Manager may satisfy this requirement by applying ESG best-in-class screening whereby companies exhibiting a global ESG score in the bottom 15% of the relative sector's ESG scores distribution (using the Investment Manager's chosen info provider) will be excluded.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

— → *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

- X** Yes, the Investment Manager specifically considers the following principal adverse impact (“PAI”) indicators: Carbon emission (Scope 1 + 2); GHG intensity of investee companies; Violations of UNGC principles and OECD guidelines for Multinational Enterprises; Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons). For government bond and supranationals: GHG intensity and Investee Countries subject to social violations.

The Sub-fund’s Investment Manager can check the PAI data through a periodic monitoring report, where can be consulted the values of the indicators at product level and, where present and possible, at respective benchmark level 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.

Further information on PAIs, will be available in the Fund’s annual report.

☐ No



What investment strategy does this financial product follow?

The Investment Manager’s approach includes the adoption of strategies in line with the Principles for Responsible Investing. These strategies can be integrated into different steps of the investment process and they are based on exclusion criteria (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and in the 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.

Due to the key role that the banking and broader financial sector play in providing funding across sectors and economic activities, the Fund is presented with an opportunity to contribute to a fairer and more sustainable economy through its investment in institutions that themselves contribute to this transition. In addition, in the context of its promotion of environmental and social characteristics, the Investment Manager mainly relies on a combination of the following approaches to responsible investment:

- (1) Key ESG concerns: the Fund aims to facilitate and accelerate the transition towards a greener and more sustainable economy by investing in companies in the financial services sector that are considered acceptable by reference to the environmental and social characteristics the Fund promotes.
- (2) Exclusion policies: the Fund applies exclusion policies to provide reasonable comfort that the Fund does not make or hold investments in industries, market segments and companies considered to have particularly harmful or controversial practices from an environmental or social perspective.
- (3) Voting Policy and engagement: Where the Investment Manager is given the opportunity to exercise voting rights in relation to the positions held by the Fund, these are made in the best interests of the investors in the Fund after considering the long-term sustainability of the respective issuer. While abstaining can be the best option in a limited number of cases, the voting policy applicable to the Investment Manager commits it to take an active role, with sustainability being a prime consideration.

When deciding how to exercise voting rights attached to the investments made by the Fund, the Investment Manager will consider voting decisions on a case-by-case basis taking into account: (i) the likely effect on the performance of the Fund’s investments; and also (ii) the long-term sustainability considerations of the issuer.

The Investment Manager is a supporter of the Say on Climate Initiative – Shareholder Voting on Climate Transition Action Plans (a shareholder voting initiative to encourage companies to publish annual disclosures of emissions and to adopt a plan to manage these emissions) (“Say on Climate”). Where companies will not do so voluntarily, the Investment Manager has formally stated in its voting policy that it will vote for and/or file annual general meeting (AGM) resolutions (whenever it has voting rights, and sufficient votes) requiring such a vote that

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

further the aims of Say on Climate.

On engagement more broadly, the Investment Manager also holds an ongoing dialogue with investee companies. This is typically done in the form of calls and meetings with management, following publication of banks' periodic results or upon presentation of their industrial plans. This direct engagement also spans ESG-relevant themes (e.g. ESG disclosures; climate transition plans; net zero targets). The Investment Manager also actively participates in several investor collective engagement initiatives (such as the Non-Disclosure Campaign led by the Carbon Disclosure Project (CDP)) and may engage with investee companies as part of these initiatives.

(4) United Nations Global Compact and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises screening: the Investment Manager applies screening that evaluates the alignment of investee companies with the 10 Principles of the UNGC and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD). This will exclude investments in companies that are identified as exhibiting a poor performance in business areas relevant to the UNGC principles or OECD guidelines.

(5) ESG screening: The Fund is subject to ESG screening, which prevents an investment being made in companies that are identified as being in the bottom 15% of its sector's overall ESG score as measured by way of the Investment Manager's proprietary ESG scoring assessment. This assessment is based on data from third-party ESG data providers and internal research.

These principles are integrated, on a best-efforts basis, into the investment controls where possible and reviewed on a regular basis by the Investment Manager. Where any of the requirements are not met, the Investment Manager will determine how best to liquidate the position(s), if appropriate, or take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified issue is resolved and the relevant position is no longer considered in breach.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Below are detailed the binding elements followed by the Investment Manager for each strategy adopted for promoting environmental and social characteristics:

SRI exclusion criteria:

Issuers directly operating in the following sectors are not permitted:

- in the production, maintenance, sales and storage of weapons of mass destruction (WMD), i.e., nuclear, biological, chemical and radiological weapons (NBCR), including those which are excessively harmful and indiscriminate as identified by the United Nations Convention on Certain conventional Weapons (CCW);
- 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.
- No investment is allowed in companies that derive any revenues from predatory lending activities; and/or companies that have significant ownership in entities excluded under this rule.
- No investment is allowed in companies that derive any revenues from coal mining and/or coal power generation; and/or in companies that have a significant ownership in the entities excluded under this rule. No investment is allowed in debt or equity issued by the top global coal shareholders, bondholders, and lenders as defined in the Investment Manager's exclusion policies and procedures.
- No investment is allowed in companies that derive any revenues from exploration-extraction of arctic oil and/or tar sands; and/or in companies that have a significant ownership in entities excluded under this rule.
- No investment is allowed in companies that derive more than 40% of their revenues from the production of conventional oil & gas.
- No investment is allowed in companies that derive any revenues from the

manufacturing of controversial weapons; and/or in companies that have a significant ownership in entities excluded under this rule. No investment is allowed in debt or equity issued by the top global investors and cluster weapons as defined in the Investment Manager's exclusion policies and procedures.

- No investment is allowed in companies found to be involved in very serious violations of human rights and/or labour rights under the UNGC.
- No investment is allowed in companies that: (i) derive any revenues from the manufacturing of tobacco product; and/or (ii) derive at least 5% of revenues from supply of tobacco-related products or services; and/or (iii) have a significant ownership in companies under (i) or (ii).

Exclusion policies:

The Fund is subject to the Investment Manager's firm-level exclusion policy, including but not limited to the restrictions listed above. This policy results in ESG exclusion lists that are implemented in the Investment Manager's internal automated controls system, which include fully integrated pre- and post-trade controls to implement and safeguard the exclusion lists.

In addition, all mandatory and additional exclusion criteria of the Management Company are complied with.

UNGC and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises screening:

As noted above, in addition to exclusion policies, the Fund is also subject to a screening that evaluates the alignment of investee companies with the 10 Principles of the UNGC and the OECD guidelines. An exclusion list of companies found in breach of the UN Global Compact or OECD guidelines is compiled by the Manager, and investment in the companies on the list is not allowed.

ESG screening:

As noted above, the Fund is subject to ESG screening, which prevents an investment being made in companies that are identified to be in the bottom 15% of the distribution of the relevant sector's ESG score. Investments in such companies are not allowed.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is not a specific minimum rate of commitment for reducing the scope of the investments considered prior to the application of that investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

The assessment of the good governance practices is a central pillar of the investment process adopted by the Investment Manager and it consists on the assurance that the governance of each investee company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholder's interests also by means of a remuneration policy. The good governance assessment takes into account sound management structures, employee relations, remuneration of staff and tax compliance.

Compliance with issuers' good governance practices is ensured through the application of ESG and SRI exclusions criteria. The absence of criticality in these areas is considered as a minimum requirement that guarantees the good governance of an issuer for inclusion in the investible universe. For details on the ESG and SRI exclusion criteria please refer to the answer to the question "What investment strategy does this financial product follow?".

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

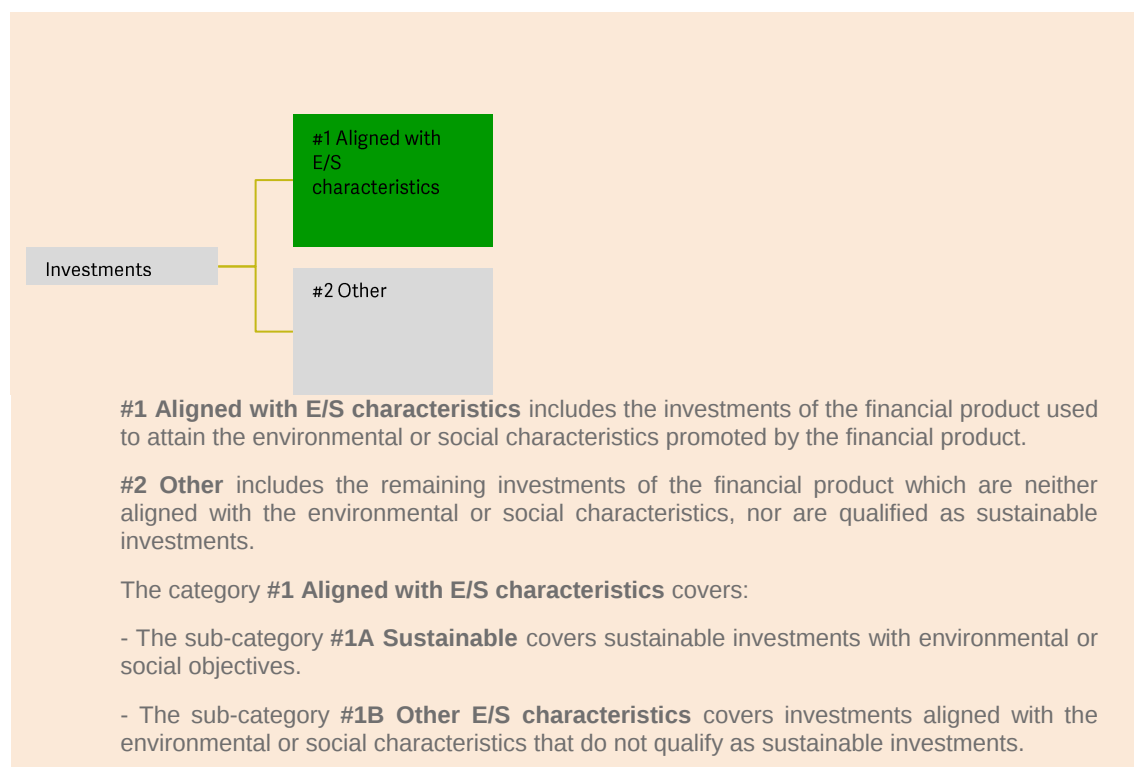
In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 50% of the portfolio (box #1 Aligned with E/S characteristics).

The remaining proportion (50% corresponding to the box #2 Other) of the investments (not included in the investments for promoting environmental or social characteristics) should be limited to:

- cash and cash equivalent instruments which may be held as ancillary liquidity or for risk balancing purposes;
- derivatives which may be held for risk balancing purposes and efficient portfolio management but not for promoting environmental and social characteristics;
- securities for which relevant data is not available.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable, derivatives are not used to promote environmental or social characteristics



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-fund promotes environmental and social characteristics but does not commit to make investments in taxonomy-aligned environmentally sustainable investments. It

is however not excluded that the Sub-fund may be exposed to underlying investments that contribute to one or more of the environmental objectives of the EU Taxonomy, such as but not limited to climate change mitigation and/or climate change adaptation. However, currently due to a lack of reliable data, the share of environmentally sustainable investments under the Taxonomy Regulation is assessed to be 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹**

☐ Yes

☐ In fossil gas

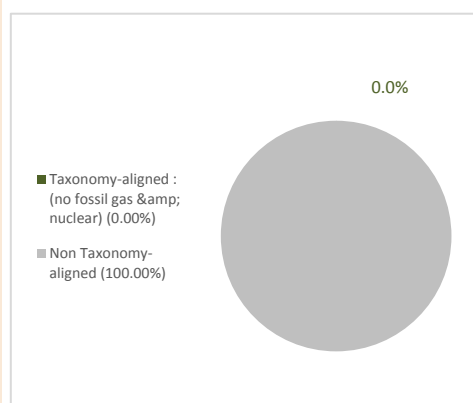
☐ In nuclear energy

☒ No

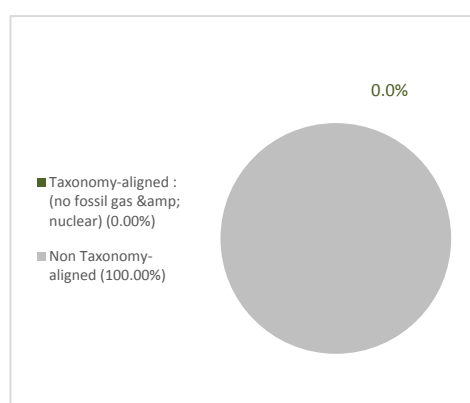
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy alignment of investments excluding sovereign bonds*



This graph represents 100.00 % of the total investments.

*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable. The Sub-fund does not commit to invest in a minimum proportion of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

%

Not applicable.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The remaining portfolio may also hold instruments not subject to the ESG integration process such as cash and cash equivalent instruments or for risk balancing purposes and derivatives for risk balancing purposes and efficient portfolio management. This category may also include securities for which relevant data is not available.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

● *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

● *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

● *How does the designated index differ from a relevant broad market index?*

Not applicable.

● *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

http://www.fideuramireland.ie/en/legal_documentation

Further details are available on the Management Company's "Sustainable And Responsible Investment Policy":

http://www.fideuramireland.ie/upload/File/pdf/Policy_FAMI/FAMI_Sustainable_and_responsible_investment_policy.pdf

Please also refer to the Management Company's policy for a description of the rules that discipline the integration of ESG factors and the consideration of sustainability risk, in accordance with the requirements of the current legislation, where the financial management of a product is delegated to third-party fund houses. Further details on the sustainability indicators

approach (as may be updated from time to time) adopted are set out at:
<https://www.algebris.com/sri-responsible-investment/>