

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:

Legal entity identifier

Fonditalia - Fonditalia Flexible Italy

549300CRPWSADC7MTR11

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 30 % 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?

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).

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

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 construction of portfolios with significant exposure to sustainable investments under the SFDR (Sustainable Investing Integration). To undertake this ESG criteria analysis, the Management Company will use data provided by external ESG research providers' proprietary models (e.g., MSCI).

● **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

— → *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

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.

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 Management Company 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 Management Company 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 Management Company’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.

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

● **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 Management Company for each strategy adopted for promoting environmental and social characteristics:

SRI exclusion criteria:

- the absence of investments on the binding restrictions in securities that are on the exclusion list as result of the application of the exclusion policy. To fulfil the above purpose the Investment Manager shall not invest:

1. In issuers operating in the following sector: 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.

2. In issuers operating in the following sector: production, maintenance, sale 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). Any issuers involved in the production, maintenance, sale and storage of dual-use components are also excluded. Specifically, it is strictly prohibited investing in companies that, directly or indirectly, through subsidiaries or affiliates, engage in the construction, production, development, assembly, repair, preservation, use, utilization, storage, holding, promotion, sale, distribution, import, export, transfer or transportation of antipersonnel mines, cluster munitions and submunitions;

3. In issuers deriving at least 25% of their revenues from extraction 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.

4. In issuers deriving at least 10% of their revenues from unconventional oil & gas mining activities

5. In issuers (a) with an ESG rating equal to CCC MSCI rating (or equivalent rating assessed through the ESG rating tool/info provider used by the Investment Manager) or (b) with a severe and serious dispute equal to RED according to MSCI (or the equivalent assessment developed through the ESG rating tool used by the Investment Manager) or (c) that fail the MSCI UNGC screening.

Integration of ESG factors:

The integration of ESG factors is promoted through Sustainable Investing integration, which is the promotion, among the other, of environmental or social characteristics, or a combination of those characteristics, achieved by investing a significant portion of the portfolio (at least 30%) in sustainable investments. The Management Company will use data provided by external ESG research providers' proprietary models (e.g. MSCI).

● **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 Management Company 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.

What is the asset allocation planned for this financial product?

In accordance with the binding elements 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 80% of the portfolio (box #1 Aligned with E/S characteristics).

The remaining proportion (20% 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 characteristic;
- securities for which relevant data is not available.

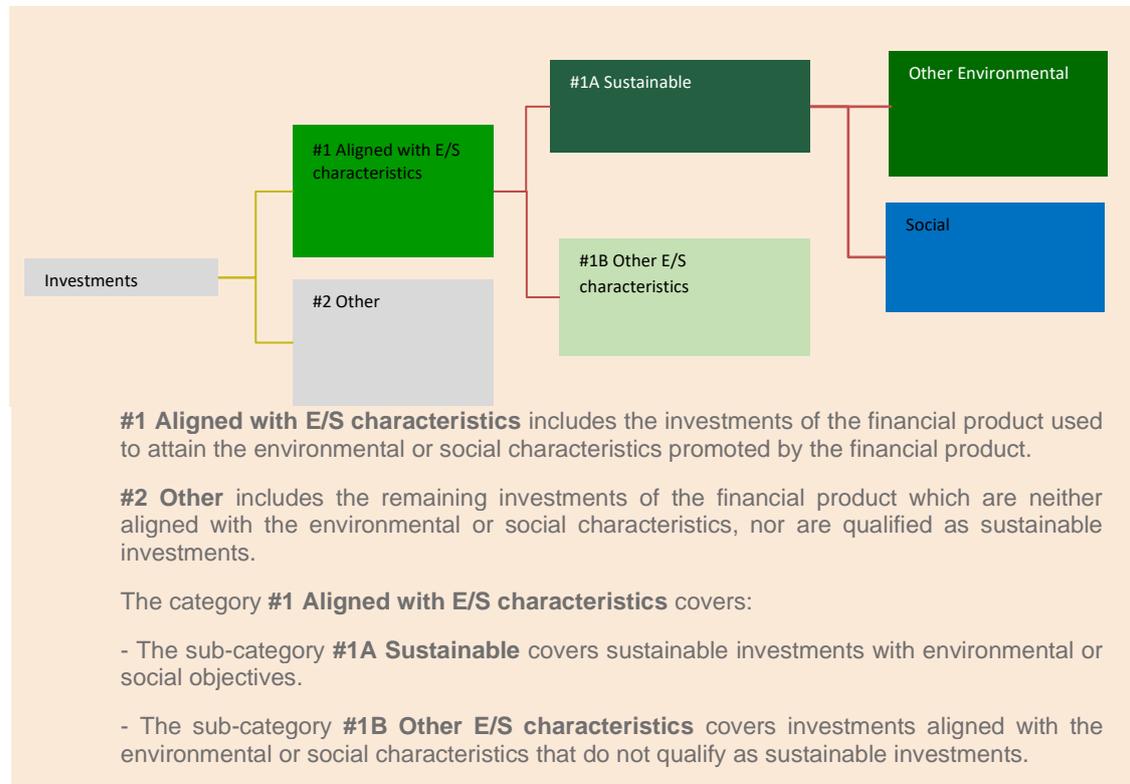
The Sub-fund will have a minimum proportion of 30% of sustainable investments (box #1A Sustainable).



Asset allocation describes the share of investments in specific assets.

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



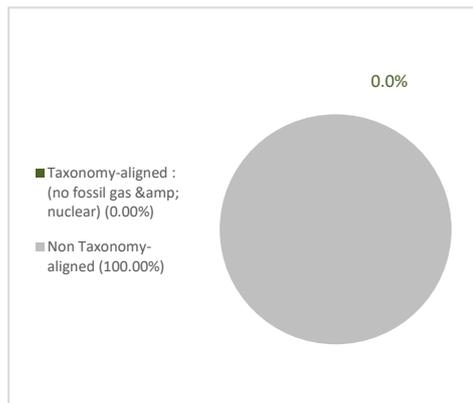
In nuclear energy



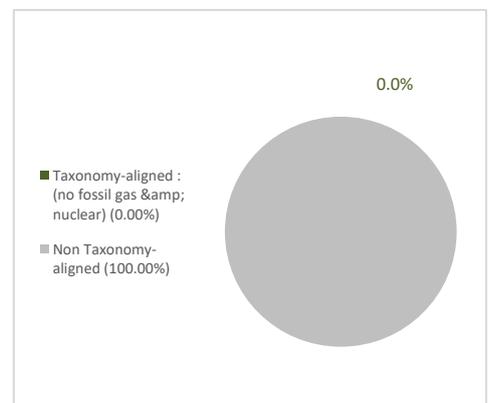
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas 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 67.00 % 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?

10%

The Sub-fund commits to invest at least 10% of the portfolio in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



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?

The Sub-fund commits to invest at least 10% of the portfolio in sustainable investment with a social objective



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.

- **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”:

<https://www.fideuramassetmanagement.ie/en/sustainability/sustainability/>

