

DISCLOSURE PURSUANT TO REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 27 NOVEMBER 2019 ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR

Regulation (EU) 2019/2088 (so-called "Regulatory Decree"). The "SFDR Regulation" on the disclosure of sustainability-related information in the financial sector aims to promote transparency and accountability in the field of sustainable investments. This regulation requires financial market participants to provide clear and detailed information on environmental, social and governance (ESG) issues that influence their investment decisions.

The main objective is to ensure that investors can access accurate data on ESG practices, reducing the risk of "greenwashing" and promoting more informed and responsible investment choices.

The following is a brief glossary of the key terms used throughout the document for better understanding:

Negative effects of investment decisions on sustainability factors: reported annually in the form of indicators (so-called "Sustainability Indicators"). "PAI", ("Principal adverse impact") indicators on Fideuram Asset Management Ireland dac (the "Management Company") website, refer, by way of example, to GHG (Greenhouse Gases) emissions, Carbon footprint, energy consumption of the investee companies, % of companies in violation of specific international principles and standards.

Sustainability factors: environmental, social and personnel issues, respect for human rights and issues related to the fight against active and passive corruption.

United Nations Global Compact: The United Nations Global Compact is an international sustainability initiative that aims to mobilize all companies to conduct their activities responsibly, aligning strategies and operations with ten principles on human rights, workers' rights, environmental protection and anti-corruption.

United Nations Principles for Responsible Investment (UNPRI): The United Nations Principles for Responsible Investment were issued in April 2016. The aim of these six UN-backed principles is to familiarise investors with the sustainability implications, as well as to assist signatories in integrating these issues into their investment decisions and active ownership practices. By implementing these principles, companies contribute to the development of a more sustainable global financial system.

Sustainability risk: an environmental, social or governance event or condition which, if it occurred, could cause an actual or potential significant negative impact on the value of the investment.

Integration of sustainability risks into investment decision-making processes and consideration of principal adverse impacts on sustainability factors pursuant to EU Regulation 2019/2088 (SFDR)

Fideuram Asset Management Ireland dac considers the integration of environmental, social and governance (ESG) factors into its investment process and the provision of investment advisory services to be of fundamental importance, in the belief that these elements, in addition to promoting sustainable economic and social development, can contribute positively to the financial results of clients' portfolios by reducing, at the same time, the risks.

An example of sustainability risk that can affect the value of the investment is extreme weather events caused by climate change, such as hurricanes, floods or heat waves. These events can damage critical infrastructure, such as factories, power distribution networks, or agricultural production facilities. If a company operating in a vulnerable area suffers significant damage, this could result in a reduction in its revenues, additional costs for repairing or adapting facilities, and increased insurance costs. As a result, the negative impact on these companies could result in a lowering of their market value, with direct effects on the value of the investment for the funds or investors who hold them in their portfolio.

Issuers committed to integrating ESG criteria into their strategy are believed to generate sustainable profits over time and, consequently, generate a solid prospect of value creation for all stakeholders. This also allows for more efficient management of risks, including environmental, social and reputational risks, which negatively affect the valuation of issuers. Identifying and managing these risks is part of the fiduciary duty to protect the value created over time.

Fideuram Asset Management Ireland dac orients its approach inspired by the UN Global Compact Principles (UNGC) and in line with the **Principles for Responsible Investment (PRI)**, promoted by the United Nations in 2006 with the aim of promoting the spread of sustainable and responsible investment among institutional investors. In addition to the constant commitment to the PRIs, there is also adherence to the **Italian Stewardship Principles**, support guidelines for asset management companies, aimed at ensuring – in particular with reference to the exercise of administrative and voting rights in listed companies – full transparency regarding the performance and strategy of the issuer, governance, corporate social responsibility and risk management.

In addition to the traditional financial evaluation analysis of investments, the Company combines ESG metrics in order to make better-informed investment decisions. The approach adopted by Fideuram Asset Management Ireland dac in pursuing the objectives set includes the adoption of sustainable strategies in line with PRI principles. These strategies can be integrated into different steps of the investment and advisory process and adapt flexibly to different types of financial instruments as well as management styles, such as the "Best in Class" strategy that identifies "virtuous" issuers based on ESG criteria. In particular, the ESG profiles of companies are considered through the analysis of the rating of external providers.

To ensure the application of this policy, the following criteria are adopted:

- **SRI exclusion criterion:** Issuers operating in not socially responsible sectors, such as those characterized by a clear direct involvement in the production, maintenance, marketing, and storage of weapons of mass destruction, or in the thermal coal sector in unconventional oil and gas extraction activities, to which restrictions or exclusions apply with respect to the entirety of the individual assets under management (so-called "SRI Binding screening");
- **ESG screening and monitoring activities:** "critical" issuers that are restricted or excluded from the entirety of individual assets under management (so called "ESG binding screening"); those issuers are those highly exposed to ESG risks or involved in particularly serious business controversies like violations of international treaties or principles such as the UN Global Compact and ILO Core Conventions;
- **Engagement and Stewardship:** a proactive and systematic interaction with the companies considered relevant, in order to encourage the integration of sustainability factors into business management, and a conscious management aimed at reducing their negative

environmental and social impacts. Engagement activities are developed through continuous and constructive dialogue, and the exercise of administrative and voting rights;

- **Integration of ESG factors:** integration of ESG factors into the analysis, selection and composition of managed portfolios with flexible approaches with regards to asset class typology and product investment strategy, aimed at generating sustainable long-term financial performance; among these, the inclusion of sustainable topics focused on long-term structural growth (Sustainability Themed investing), the selection of the most virtuous issuers in terms of sustainable performance through the ESG score (positive or best-in-class screening) and the consideration of non-financial information in the financial assessment of issuers;
- **Impact investments:** an investment approach that enables the pursuit of specific sustainability objectives which can generate a positive and measurable social or environmental impact. (so called "Impact investing").

The SRI and ESG Binding screening exclusion criteria provide for an operating limit for products using a benchmark, for which the maximum exposure allowed on the issuer is equal to that of the issuer's weight in the benchmark. For products that do not use a benchmark, however, investments in the issuer's securities are not permitted.

As part of the process of selecting and monitoring the target funds of third-party asset managers, the Management Company analyses the level of integration of environmental, social and corporate governance factors into their policy and investment process.

For further details on the Management Company's ESG investment criteria, please refer to the consultation of the Sustainable and Responsible Investment Policy (the "Policy") published on the website <https://www.fideuramassetmanagement.ie/en/sustainability/sustainability/>

Roles and responsibilities in the sustainable investment process

Fideuram Asset Management Ireland dac has set up the ESG/SRI Committee, an advisory body to support the Management in defining the proposals to be presented to the Board of Directors regarding sustainable and responsible investment issues aimed at ensuring sustainable principles in the innovation of methodologies and processes adopted, the monitoring of the Management Company's ESG approach in all the products and services offered to customers and the dissemination and improvement of the ESG skills. The Committee also has the task of assessing the results deriving from monitoring the negative effects of investment decisions on sustainability factors and defining any related mitigation actions to be taken.

The Committee meets quarterly. If specific needs arise and in all cases in which it is deemed appropriate, additional convocations are provided for - on an extraordinary basis - further convocations.

Fideuram Asset Management Ireland dac leverages through a service level agreement on a specific corporate function of Fideuram Intesa Sanpaolo Private Banking Asset Management SGR, named ESG & Strategic Activism, which has the task of guaranteeing and integrating the principles of sustainability of investments (ESG-SRI) into the company's core processes, identifying the scope of investment and conducting stewardship and engagement activities, including collective ones, with issuers and other stakeholders. To this end, the function is responsible for reviewing the Responsible and Sustainable

Investment Policy, as well as ensuring the innovation of methodologies and processes in use, through the formulation of specific proposals for intervention to the Management, which must be validated by the Committee. The function is also responsible for the management of products with strong ESG characteristics, the coordination of communication, education and reporting activities relating to sustainability in agreement with the Division's structures, as well as the management of relations with the main institutions, the Parent Company and the Division in terms of sustainability.

Compliance with sustainability principles is monitored by the Risk Management and Compliance functions.

The former is responsible for ensuring, through continuous checks on UCIs, compliance with the limits on investments as proposed by the ESG/SRI Committee and approved by the Board of Directors.

The Compliance function, on the other hand, is responsible for ensuring that the risk of non-compliance with the rules is monitored, in particular by ensuring the compliance of products and company processes with current regulations and providing the necessary support to internal structures.

Finally, the Management Company Investment Department area has the task of ensuring the implementation of the principles of sustainability of investments by promoting the integration of environmental, social and governance factors in the Investment Process in compliance with the perimeter of the SFDR and in the provision of investment advisory services.

Policies relating to the negative effects of investment decisions on sustainability factors

With reference to art. 4 of EU Reg. 2019/2088, Fideuram Asset Management Ireland dac considers the main negative effects of investment decisions on sustainability factors. In relation to the identification and management of these potential effects, the Management Company has identified the fight against climate change and respect for human rights as priorities among the sustainability issues.

Based on these priorities, Fideuram Asset Management Ireland dac identifies and monitors the main negative impacts through a series of environmental, social and governance indicators, the information of which is collected through a specialized info-provider.

To prevent, contain and manage these effects, the exclusion criteria described in this information are applied, as well as engagement initiatives and actions to reduce or dispose of investments with a high negative impact on sustainability factors.

For further details, please refer to the respective chapter within the Policy published on the website.