

Subject-level SFDR disclosure

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Finint Investments

Finint Investments has adhered to the Principles for Responsible Investment (PRI) since 2021 and in 2020 adopted its first ESG Policy and an ESG Committee as a result - which, among others, has the task of monitoring the ESG profile of issuers and funds - reviewing investment processes, risk management and reporting. ESG investing means introducing environmental, social and governance factors into the decision-making process relating to portfolio construction, together with pure financial analysis. As a result, specific assets and sectors are not excluded from the investable universe.

From 2021, Finint Investments is aligned with the new provisions of EU Regulation No. 2088/2019 (the Sustainable Finance Disclosure Regulation, or SFDR) and of EU Regulation No. 2020/852 on the establishment of a framework to promote sustainable investment (or Taxonomy). It also actively contributes to the achievement of the Sustainable Development Goals: adherence to these principles involves a concrete commitment by the Company to the transparency of information communicated, with the aim of preventing greenwashing practices.

All the documents mentioned above are available on the <https://www.finintinvestments.com/en/sustainability.php> web site.

Finint Investments' business includes investments in both the real estate and securities sectors with a focus on the private capital segment. All the assets managed require a careful evaluation of the counterparties with whom to sign investments, partnerships and contractual relationships. All asset classes are managed according to specific internal procedures, are functional to the achievement of the objectives of return, risk diversification and value creation. Among the elements of assessment, there are ESG score positioning and prospects for ESG improvement, as well as alignment with the sustainable strategy adopted. To this end, Finint Investments refrains from any investment, activity or financial service that involves engagement, even indirectly, with entities related to the production, marketing, use or trade of illegal products or activities. Other ascertained practices, direct or indirect, lead to exclusion: for example, cases of corruption, money laundering, human rights violations, violations of fundamental labor principles, production of goods harmful to health, the environment and morality, obstruction of sustainability in general. Finint Investments prioritizes and manages financial resources in a targeted and selective manner, thus contributing to global challenges and, at the same time, protecting and strengthening financial performance for the benefit of shareholders, businesses and all other stakeholders.

This communication is intended to illustrate the choices made by Finint Investments as expressly required by Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (hereinafter, the "SFDR") on sustainability-related disclosures in the financial services sector with reference to:

- information about the policies on the integration of sustainability risks adopted by Finint Investments in their investment decision-making processes and in the provision of the advisory service (Art. 3 of the SFDR);

- information whether Finint Investments takes into account or does not consider the principal adverse impacts of investment decisions on sustainability factors (Art. 4 of the SFDR);
- information on how Finint Investments has aligned its remuneration policy with its sustainability risk management objectives (Art. 5 of the SFDR)

Sustainability Risk Management (Art. 3 SFDR)

In line with Finint Investments' strategic vision for responsible investment, so-called "sustainability risks" have been integrated into investment decision-making processes, considering environmental, social and governance (ESG) opportunities: these are fundamental elements in all phases of the management process of all its investment activities. Sustainability risks are therefore detected, measured, monitored and mitigated through the application of its own ESG strategies.

In defining its sustainable approach, Finint Investments has identified the relevant sustainability thematic areas on which it is possible to intervene, being able to offer a concrete and real contribution to mitigate some of the identified risks by the United Nations in the 2030 Agenda.

ESG metrics, risks and opportunities deemed material for investments are monitored and considered in the definition of ESG objectives as well as within the decision-making processes of investments related to assets under management. In this context, Finint Investments has introduced ESG assessment metrics, defining frameworks and models for assessing environmental and social risks and impacts. The plans of the interventions planned and completed on the Funds' assets, in line with the strategies of each Fund, highlight the improvements that generate positive impacts from an environmental, social and governance point of view.

Specifically, the Company has implemented an approach based on four key elements that are integrated into a single vision:

1. negative and regulatory screening based on exclusion criteria on norms, values and involvement in controversial economic activities;
2. ESG integration by adopting appropriate internal and external assessment models as well as actively contributing to some of the objectives proposed by the United Nations (so-called "ESG Integration Standards" 2030 Agenda);
3. active impact through dialogue with operators;
4. Reporting for clear and transparent communication with the outside world and its customers

In addition to the provisions of corporate regulations at the level of the investment process, for each asset under management that pursues sustainable objectives, the Company integrates the Strategic Guidelines dictated by the Board of Directors with specific ESG criteria, which may be expanded, with respect to what is outlined in the ESG Policy of Finint investments, for each individual fund specifically.

Our ESG policy and approach is also adopted for the creation of new projects, i.e. the development of new funds that are also classified according to the level of sustainability pursued by the individual product in a very clear and transparent approach.

Therefore, Finint Investments - thanks to the definition of specific selection methodologies, and proprietary ESG models for the evaluation and monitoring of investments aimed at integrating sustainability risks within the investment process of the assets managed, combining ESG metrics with the traditional financial evaluation analysis of investments - estimates the probable impact of sustainability risks on the return on assets under management using the Risk Management Function.

Finint Investments, therefore, monitors risks related to environmental issues, identifying areas where risks may have a significant impact on the management of its funds, to ensure the effectiveness of its actions for its investors.

The following are some examples of the risks identified, assessed and monitored:

Environmental Risk (E):

- Climate risk: Extreme weather events (e.g. heat waves, floods, droughts) can damage infrastructure, disrupt supply chains and reduce the production of goods and services, affecting the companies in which the SGR invests.
- Pollution: Air and water pollution, waste management and biodiversity loss can have negative impacts on human health and the environment, with economic consequences for businesses and society at scale.
- Resource use: The depletion of natural resources (e.g., water, minerals, raw materials) can lead to higher costs for companies and supply problems, impacting their profitability.

Social Risk (S - Social):

- Labor rights: Violations of workers' rights, such as low wages, excessive working hours, discrimination, and child labor, can lead to protests, strikes, and boycotts, damaging the company's reputation and its ability to attract and retain talents.
- Health and safety: Accidents at work, occupational diseases and lack of safety measures can cause high costs for companies (compensation, fines, lawsuits) and negatively impact their image.
- Community relations: Tensions with local communities, lack of involvement and transparency can lead to protests, boycotts and opposition to investment projects, hindering the development and growth of the company.

Governance Risk (G - Governance):

- Corruption and fraud: Bribery, tax evasion, and other fraudulent practices can damage the company's reputation, lead to legal penalties, and significant financial losses.
- Low board composition: A poorly diversified, inexperienced, or non-independent board of directors can make poor decisions and not adequately manage risks, jeopardizing the stability of the company.
- Lack of transparency and reporting: A lack of transparency about the company's activities, sustainability performance, and risk management can undermine investor and stakeholder confidence, leading to a loss of value.
- Greenwashing: the affirmation of environmental benefits without there being accurate, relevant and scientifically verifiable data to support it exposes the company to reputational damage, possible legal or regulatory sanctions as well as the compromise of relations with investors and stakeholders and consequent loss of trust.

Securities Funds

Finint Investments has a range of products that promote sustainability characteristics, on these products the impacts on GDP, employment and income from work are identifiable.

With regard to the assessment of economic impacts deriving from the application of ESG principles in the collective asset management activity carried out by Finint Investments, we can distinguish between:

- direct impacts such as the contributions generated through the performance of their respective economic activities by the Italian companies in which the Funds managed by Finint Investments invest in;
- indirect impacts, i.e. the contributions generated by local suppliers thanks to the purchases made by the companies in which the Funds managed by Finint Investments invest in;
- induced impacts such as contributions due to the consumption expenditure of workers employed directly by the financed companies.

The social impacts of Finint Investments' product range linked to sustainable themes are sought in the identification of jobs and consequently in the distribution of income in a direct, indirect and induced way.

To complete its experience, the Company has equipped itself with external consultants and providers for the evaluation and monitoring of listed financial instruments, seeking a uniform methodology that complies with market standards.

Real Estate Funds

In real estate, it is essential that the adoption of clear and detailed ESG criteria is also implemented with the intention of obtaining, for funds with sustainable objectives, international ratings – issued for example by the Global Real Estate Sustainability Benchmark (GRESB). GRESB, in fact, provides a system for evaluating and comparing the ESG performance of real estate portfolios, based on standardized and validated data.

The evaluation criteria, which are divided into two main components, which represent the guidelines for ESG management of real estate portfolios:

- Management component assesses the level of integration of ESG principles within company's business strategy aiming to identifying the level of ESG commitment within the Company with the definition of an ESG policy, non-financial reporting, risk assessments, due diligence and a defined action plan for monitoring ESG performance of the portfolio; verify the level of involvement of stakeholders (employees, suppliers, investors, etc.).
- The Performance component evaluates quantitative data and therefore environmental data that weighs about 70% of the total evaluation. This data must be collected and monitored for both the asset and the tenants (including common areas and private areas) and is an integral part of an ESG action plan aimed at improving portfolio performance.

Investors can therefore rely on the results obtained from international assessments and/or certifications for their investment choices.

In addition to the above, it should be noted that Finint Investments is very active in the energy sector through the management of its energy efficiency funds.

The injection of renewable energy on an annual basis is a figure that can be easily deduced from the funds managed by Finint Investments and is a clear contribution of the Company in promoting the injection of electricity from renewable and certified sources into the Italian national system. In addition, through its investments, the Company is also active in the social housing sector, thus contributing decisively to social integration on several levels (inter-cultural, social, housing and territorial). One of the main characteristics of social housing projects, in fact, is the redevelopment of existing public and private assets, to provide new housing through limited land consumption. This strong specialization of the Company in specific types of investments translates into a greater commitment to develop and promote initiatives that include both public and private partnership operations with public bodies and student housing and residence management operations, interpreting the different needs of housing needs.

Consideration of adverse effects on sustainability (Art. 4 SFDR)

SFDR Regulation requires the SGR to publish the ways in which it takes into account the potential negative effects of its investment decisions on ESG sustainability factors or, alternatively, reasons for the impossibility of considering such impacts. The Company, in compliance with art. 4 of the SFDR, relating to sustainability-related disclosures in the financial services sector, does not currently consider the principal adverse impacts of its investment decisions on sustainability factors.

As a responsible investor, Finint SGR promotes the evolution towards sustainable business models among all companies in the portfolios/assets of all Managed Funds, providing transformative capacity, specific expertise and full support in the ESG risks management and opportunities. However, pursuant to art. 4 of the SFDR Regulation, the SGR does not currently take into account the negative effects of investment decisions on sustainability factors.

This approach suffers from the limited availability on the market of data, necessary to allow the potential negative effects of investments on sustainability factors to be adequately assessed in line with the metrics outlined in the regulatory technical standards of Regulation (EU) 2019/2088. The SGR maintains, however, a proactive approach and has taken steps to identify appropriate indicators and metrics, while monitoring the evolution of reference practices and legislation.

Remuneration policies (Art. 5 SFDR)

Finint Investments, in accordance with the provisions of the SFDR¹ and within the limits of its sphere of influence, integrates the principles of responsible investment into its activities and recognizes the importance of managing risks and exploring opportunities related to environmental, social and governance (ESG) aspects in financial processes. Consistently,

¹ Article 5 SFDR – transparency of remuneration policies with regard to sustainability risks

ESG aspects contribute to the remuneration policy adopted, which also includes among its objectives the promotion of sound and effective risk management. Finint Investments' remuneration policy provides for a variable part of remuneration linked to individual performance, based on financial metrics and qualitative performance indicators, which constitute a significant component of the evaluation process, including non-financial indicators such as indicators relating to the ESG sphere.

With reference to Funds that fall within the category of products referred to in Article 8 of EU Regulation 2019/2088 (SFDR), the information pursuant to Article 10 of the SFDR at the level of the financial product is provided in the appropriate section of the Finint Investments website relating to the funds under management, <https://www.finintinvestments.com/en/sustainability.php>.

Glossary

United Nations 2030 Agenda: Action Plan signed in 2015 by UN member countries that defines 17 Sustainable Development Goals (SDGs) and 169 specific targets, to be achieved by 2030, aimed at promoting economic prosperity, environmental protection and social inclusion.

DNSH (Do No Significant Harm): Principle provided for by the Taxonomy Regulation (EU 2020/852) according to which a sustainable economic activity must not cause significant harm to any of the other environmental objectives defined by the European Union.

Engagement: Structured dialogue between the investor and investee companies with the aim of encouraging responsible behavior and improvements in the ESG field.

ESG (Environmental, Social and Governance): An acronym that identifies the environmental, social and governance criteria used to integrate traditional financial assessments into investment processes.

Global Real Estate Sustainability Benchmark (GRESB): International standard for assessing and comparing ESG performance of real estate funds and portfolios, based on the collection of standardized and validated data, with the aim of promoting transparency and comparability.

Active Impact: Investment strategy that aims to generate a positive and measurable impact in the environmental, social or governance fields through concrete interventions, in addition to financial returns.

Greenwashing: a deceptive communication strategy by which an organization spreads false and/or misleading information about its environmental and sustainability activities, with the aim of appearing more responsible and virtuous than it actually is.

Principal Adverse Impacts (PAIs): Undesirable effects of investment decisions on sustainability factors, such as the environment, society and human rights, measured through indicators identified by the SFDR regulation.

Principles for Responsible Investment (PRI): A United Nations initiative that sets out six voluntary principles to encourage investors to integrate ESG factors into their investment decisions and active ownership practices.

Sustainability risks: Environmental, social or governance events or conditions that, if they occur, may have a significant negative impact on the value of investments.

Environmental Risk: Risk related to natural and environmental factors (e.g. climate change, pollution, scarcity of resources) that can negatively affect the profitability of an investment.

Governance Risk: Risk arising from inadequate business management practices, lack of transparency, corruption or weakness of control bodies, which can compromise the stability and performance of a company.

Social Risk: Risk related to issues such as human rights violations, inadequate working conditions, poor health and safety protection, or conflicts with local communities.

Negative Screening: Selection technique that excludes companies or sectors involved in activities considered controversial or unsustainable (e.g. weapons, tobacco, coal) from the investable universe.

Regulatory Screening: Exclusion approach based on compliance with international laws, regulations and standards (e.g. human rights violations, corruption, unethical practices).

SFDR (Sustainable Finance Disclosure Regulation): Regulation (EU) 2019/2088 introducing transparency requirements for financial services operators regarding the integration of sustainability risks, the consideration of principal adverse impacts and the classification of financial products.

Sustainable Development Goals (SDGs): The 17 Sustainable Development Goals defined by the UN as part of the 2030 Agenda, which cover areas such as the fight against poverty, reduction of inequalities, energy transition and environmental protection.

Taxonomy: Regulation (EU) 2020/852 establishing a common classification system at European level to determine which economic activities can be considered environmentally sustainable.

