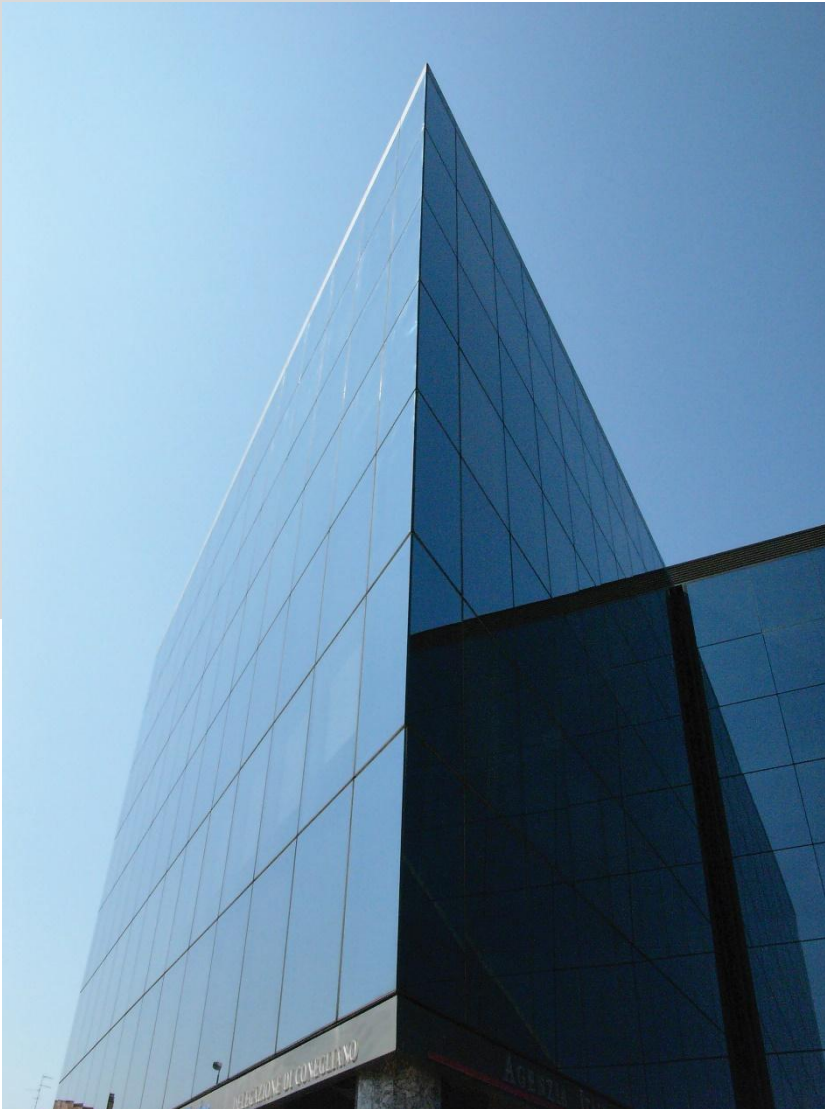




FININT
INVESTMENTS



POLICY

POL_POLICY ESG

POLICY

POL_POLICY ESG

PROCESS OWNER FUNCTION	ESG Office
PROPOSING FUNCTION	Organization Office
VERIFICATION FUNCTION	Compliance Function
DELIBERATIVE	Board of Directors
VERSION	V 2.1
DATE OF ISSUE	23/04/2025

UPDATE HISTORY

VERSION	DATE MODIFIED	CHANGES MADE
V 1.0	17/12/2020	First version of the document
V 2.0	28/11/2024	Full revision of the document
V 2.1	23/04/2025	Minor <i>release</i> (revision of the document as a result of the <i>renaming</i> of organizational units and internal committees)

INTERNAL CLASSIFICATION

AREA	Corporate Governance
SCOPE	Sustainability
FUNCTIONS INVOLVED	ESG Committee, Head of ESG, <i>Front Office</i> , Technical Office, Corporate Control Functions
THIRD PARTIES INVOLVED	–

INTERNAL REFERENCE LEGISLATION

POLICY	<ul style="list-style-type: none"> ▪ Group policy for ESG risk management
GROUP DIRECTIVES	–
REGULATIONS	<ul style="list-style-type: none"> ▪ ESG Committee Regulations; ▪ ESG Regulation of the Assets Managed; ▪ Regulation for the establishment of new Products and Services; ▪ Regulation of the investment and divestment process of assets under management; ▪ Regulations for the management of conflicts of interest; ▪ Regulations for the exercise of <i>engagement</i> and voting rights; ▪ Regulations for the selection and management of suppliers; ▪ Any other legislation strictly related to what is regulated in this document.
METHODOLOGIES	<ul style="list-style-type: none"> ▪ Methodology for the analysis and measurement of risks relevant to Assets under Management
PROCEDURES	<ul style="list-style-type: none"> ▪ Any procedure strictly related to what is regulated in this document
OPERATING INSTRUCTIONS	<ul style="list-style-type: none"> ▪ Operational instruction for the preparation and management of UCI offer documentation; ▪ Operating instructions for the preparation of the management reports of UCIs.
APPLICATION MANUALS	–

EXTERNAL REFERENCE LEGISLATION

WITHIN THE COMMUNITY	<ul style="list-style-type: none"> ▪ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27/11/2019 on sustainability-related disclosures in the financial services sector; ▪ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18/06/2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (so-called "Regulatory Framework"). Taxonomy Regulation).
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AT THE NATIONAL LEVEL

- Legislative Decree no. 58 of 24/02/1998 and subsequent amendments and additions ("Consolidated Law on Financial Intermediation", "**Consolidated Act**" or "TUF");
- Provision of the Bank of Italy of 19/01/2015 and subsequent amendments (**Regulation on collective asset management**);
- Regulation of the Bank of Italy of 5/12/2019, issued in implementation of articles 4-undecies and 6, paragraph 1, letters b) and c-bis), of the TUF.

TABLE OF CONTENTS

1. INTRODUCTION	6
1.1. OBJECTIVES OF THE DOCUMENT	6
1.2. DOCUMENT UPDATES	6
1.3. DEFINITIONS.....	6
2. ROLES AND RESPONSIBILITIES	10
2.1. BOARD OF DIRECTORS	10
2.2. ESG COMMITTEE	11
2.3. HEAD OF ESG.....	11
2.4. FRONT OFFICE.....	12
2.5. TECHNICAL OFFICE.....	12
2.6. CORPORATE CONTROL FUNCTIONS	13
3. FININT INVESTMENTS' ACTION PLAN	14
3.1. MEMBERSHIP OF THE PRI AND OTHER PRINCIPLES	15
3.2. HUMAN RESOURCE POLICY MANAGEMENT	16
3.2.1. <i>Personnel selection and management</i>	16
3.2.2. <i>Training</i>	16
3.2.3. <i>Remuneration and incentives</i>	16
3.3. ENVIRONMENTAL RESPONSIBILITY	17
3.4. CONFLICTS OF INTEREST	17
3.5. ESTABLISHMENT AND MARKETING OF NEW PRODUCTS AND SERVICES	18
3.6. SUPPLIER SELECTION AND MANAGEMENT	19
3.7. INFORMATION TRANSPARENCY	19
3.7.1. <i>Transparency of information on the website</i>	19
3.7.2. <i>Transparency in marketing communications</i>	20
3.7.3. <i>Pre-contractual information</i>	20
3.7.4. <i>Periodic reporting</i>	21
4. SUSTAINABILITY IN ASSETS UNDER MANAGEMENT	22
4.1. NEGATIVE SCREENING (OR <i>EXCLUSION</i>).....	22
4.2. ESG INTEGRATION	23
4.2.1. <i>Rating</i>	24
4.2.2. <i>Integration of sustainability risk</i>	25
4.3. ACTIVE IMPACT	26
4.3.1. <i>Engagement and voting rights</i>	27
4.4. REPORTING ESG	27

1. INTRODUCTION

1.1. OBJECTIVES OF THE DOCUMENT

This Policy is intended to govern the principles of environmental, social and governance sustainability that Finanziaria Internazionale Investments SGR S.p.A. (hereinafter, also "**Finint Investments**" or the "**Company**" or simply "**SGR**") pursues both at the level of the company on its own account and for the Assets managed by it.

The document also indicates the guidelines adopted by the SGR to conform, from an ESG point of view, the collective asset management activity and investment services, the remuneration and incentive policies, the management of conflicts of interest, the investment choices of the UCIs and the related management of the consequent risks and, more generally, transparency of information towards customers.

1.2. DOCUMENT UPDATES

This Policy must be revised following any significant change in the regulatory context of reference or whenever deemed necessary by the Company's ESG Committee, also due to the launch of new Products or Services.

Any amendment or update to this document must be submitted for approval to the Company's Board of Directors or, alternatively, to the approval of the Company's Chief Executive Officer, who has the necessary powers.

1.3. DEFINITIONS

Terms beginning with a capital letter have the meaning given to them below:

- **Bank or Parent Company:** Banca Finanziaria Internazionale S.p.A. (for short, Banca Finint);
- **Board of Statutory Auditors:** the Body with the Control Function of the Company;
- **Chief Executive Officer (or Chief Executive Officer or CEO):** the Director of the Company to whom the Board of Directors has granted powers pursuant to Article 2381 of the Italian Civil Code and Article 25.1 of the Articles of Association in force;
- **Board of Directors:** the Body with the Function of Strategic Supervision appointed by the Company's shareholders' meeting;
- **Subsidiary(s):** any company subject to the management and coordination of the Parent Company;

- **ESG:** acronym for Environmental Social Governance; it is used in the economic/financial field to indicate all those activities related to responsible investment that pursue the typical objectives of financial management, also taking into account environmental, social and governance aspects;
- **ESG Committee:** the committee as defined and governed by the current company regulations in force;
- **Finint ESG score:** internal rating developed by the Company to evaluate Sustainable Products and/or Sustainable Investments;
- **Finint for the Real Economy:** the Company's range of products that includes all the Funds structured to support the system of Italian small and medium-sized enterprises. This category includes private capital products but also some of the activities carried out by NPL's and Restructuring (or Turnaround) products given the operations with corporates;
- **Fund:** term commonly used to indicate an investment fund (movable or real estate) or any other asset entrusted to the management of the SGR;
- **Corporate Control Functions:** the Compliance function, the Risk Management function and the Internal Audit function as provided for by the Bank of Italy Regulation of 5 December 2019 implementing Articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Law on Finance, as well as the Company's Anti-Money Laundering (AML) Function;
- **Group or Banking Group:** the "Banca Finanziaria Internazionale Group" banking group, consisting of the Parent Company and its Subsidiaries¹;
- **Target Company (or just Target):** in private debt it is understood as the issuing company whose debt financial instruments are subscribed by the Assets under management;
- **Sustainable Investments:** investments in economic activities and/or real estate that contribute to environmental (Environment) and social (Social) objectives, as well as investments in companies that pursue policies of adequate governance and corporate organization (Governance);²

¹ The Banking Group's organizational chart can be consulted on the company intranet.

² EU Regulation 2088/2019 defines sustainable investment as an investment in an economic activity that contributes to an environmental objective, measured, for example, by key resource efficiency indicators relating to energy use, the use of renewable energy, the use of raw materials and water resources and land use, waste generation, greenhouse gas emissions as well as the impact on biodiversity and the circular economy or a investment in an economic activity that contributes to a social objective, in particular an investment that contributes to the fight against inequality, or that promotes social cohesion, social integration and industrial relations, or an investment in human capital or in economically or socially disadvantaged communities provided that such investments do not cause significant harm to any of those objectives and that the undertakings benefiting from such investments comply with good *governance* practices, in particular with regard to sound management structures, staff relations, staff remuneration and compliance with tax obligations.

- **Strategic Guidelines:** the general management strategies for each Asset, dictated by the Board of Directors in accordance with the investment policies and limits set out in the relevant management regulations and also containing an indication of the maximum acceptable level of risk of the Fund;
- **Corporate Bodies (or Corporate Bodies):** jointly, the Body with a Strategic Supervisory Function and the Body with a Control Function;
- **Body with Control Function:** the corporate body responsible for supervising the completeness, adequacy, functionality and reliability of the Internal Control System. In SGR, this function is held by the Board of Statutory Auditors;
- **Body with Strategic Supervision Function:** the corporate body that is assigned the functions of directing the management of the company, through, among other things, examining and deliberating on industrial or financial plans or strategic operations. In SGR, this function is held by the Board of Directors;
- **Participants:** subscribers of units of UCIs managed by the Company;
- **Assets under Management (or just Assets):** the set of assets contributed to the Company under management, which constitute the assets of UCIs and Portfolio Management:
 - **UCIs:** AIFs (alternative investment funds for real estate and securities) and UCITS (undertakings for collective investment in transferable securities, i.e. open-ended securities funds intended for retail clients);
 - **Portfolio Management (or Mandate Asset Management):** the management, on a discretionary and individualised basis, of investment portfolios that include one or more financial instruments under a mandate conferred by clients;
- **Products/Services (or only Products):** any financial instrument and investment service marketed by the SGR, in accordance with the provisions of the "Consolidated Law on Finance", regardless of the distribution methods used or the free/onerous nature of the same;
- **Sustainable Products:** financial products that:
 - 1) they have environmental and social characteristics and can also contain a share of sustainable investments; or
 - 2) they have sustainability objectives, i.e. to generate an environmental and social impact.

In both cases, the possibility of using or not using reference benchmarks (sustainable or generic) is envisaged;
- **Company (or SGR):** Finanziaria Internazionale Investments Società di Gestione del Risparmio S.p.A.;

- **Organisational Unit:** each organisational unit that makes up the Company's organisational chart and to which specific tasks and responsibilities are assigned for the performance of a specific phase of the company's activity.

2. ROLES AND RESPONSIBILITIES

The main roles and responsibilities of the actors involved, directly or indirectly, in matters of relevance for ESG purposes are described below.

2.1. BOARD OF DIRECTORS

The Board of Directors:

- defines and approves internal ESG regulations, both for the Company on its own account and for the Assets under management, identifying the criteria and principles underlying it;
- establishes the ESG Committee of the Company, assigning it tasks to which each member contributes on the basis of the specific skills of the Organisational Unit it represents;
- appoints the Company's Head of Sustainability;
- adopts the changes to be made to the corporate governance system so that it is compliant with national and international legal regulations and best practices on sustainability;
- where possible, promotes the continuous integration of environmental, social and governance factors into corporate strategies and sustainable investment processes for the Assets under Management, in compliance with ESG principles, consequently adopting the changes deemed necessary from time to time by the company's internal regulations;
- defines the Strategic Guidelines for Assets under Management integrated with sustainability principles, providing for their periodic review;
- identifies and promulgates the most suitable methodology for assessing ESG indicators for UCIs with sustainable objectives and which aspire to obtain an internal rating and updates it on an annual basis;
- analyses, at least once a year, the sustainability reports that the Company's ESG Committee prepares in order to provide i) an update on the ESG initiatives activated, ii) the progress of any remediation measures defined for the Company, iii) a monitoring of assets and/or active sustainable investments, as well as iv) a monitoring of the business initiatives undertaken in the management of individual UCIs;
- with the support of the ESG Committee and any consultants that may be involved, analyses internal ratings and/or those issued by internationally recognised bodies³ in order to identify any weaknesses of the Company and/or the UCI subject to scoring and consequently propose corrective measures and/or improvements to be made to existing business processes.

³ Among the most recognized ratings is the *Global Real Estate Sustainability Benchmark* (GRESB).

2.2. ESG COMMITTEE

The Company's ESG Committee:

- provides support to the Board of Directors and the Chief Executive Officer of the Company in the exercise of their functions as well as plays a supporting role in the process of investment, management and divestment of the Assets under Management, where required by the internal regulations in force from time to time;
- updates the SFDR disclosure;
- monitors and carries out the activities necessary to maintain the PRI classification;
- presents the Board of Directors with an ESG action plan at least annually;
- presents to the Board of Directors the ESG results of internal ratings and/or those issued by internationally recognized bodies⁴;
- acts as coordinator for the Funds' management teams in order to assess and monitor the ESG profiles of the assets under management, as well as to define the sustainability characteristics of Products and Services being established;
- coordinates suppliers and ESG consultants in order to carry out the ESG activities envisaged on the basis of the action plan identified for the Company.

2.3. HEAD OF ESG

In addition to the provisions of the ESG Committee, whose activities he or she coordinates, the Head of ESG:

- represents the reference figure for the diffusion, within the Company, of the culture of sustainability of the Group and of the SGR itself;
- declines ESG factors with respect to the activities under its competence, identifying projects and intercepting business opportunities and/or any critical issues;
- promotes the circulation of information, the coordination of activities and their sharing, making it possible to increase the effectiveness of interaction between company functions and guide internal operations;
- oversees the ESG initiatives activated and monitors the implementation of any remediation interventions defined;
- coordinates the activities for obtaining ratings issued by internationally recognized bodies, identifying the active approach for the management part;

⁴ Among the most recognized ratings is the *Global Real Estate Sustainability Benchmark* (GRESB).

- coordinates, with the support of the Group's Attraction, Training & Development Office, the ESG training of the company figures involved in the processes.

2.4. FRONT OFFICE

In general, the Front Office is delegated to the management of Assets with the aim of seeking the best results and reducing any risk, ensuring compliance with the Strategic Guidelines and investment strategies dictated by the Board of Directors and also taking into account any additional constraints provided for by the management regulations and regulatory requirements in force.

It is therefore the responsibility of the individual Front Office teams, coordinated by the relevant Investment Directors:

- identify the potential Target Market of UCIs, also taking into account the sustainability characteristics of the underlying product;
- take steps to obtain an internal rating on each individual ESG investment and to monitor the latter on an annual basis;
- identify areas for possible ESG improvement and ESG management objectives on the individual *assets* under management, or promote the maintenance of the ESG result achieved if deemed sufficient for the reference *asset*;
- for Funds *in ESG* scope and Funds pursuant to Articles 8 and 9 of the SFDR, draw up the necessary ESG documentation and reporting on the basis of agreements with investors and with the ESG regulations in force from time to time;
- verify the technical, professional, economic and sustainability reliability of the suppliers and/or consultants with whom they intend to start a relationship;
- guarantee internal information flows aimed at ensuring that the Corporate Bodies and Corporate Control Functions have full knowledge and governability of risk factors (including sustainability risk) and their verification;
- apply the appropriate safeguards in the event that a conflict of interest is identified deriving from investment activities on behalf of the Assets under Management that could cause a sustainability risk that is not compatible with the Assets themselves or that could give rise to greenwashing.

2.5. TECHNICAL OFFICE

The Technical Office provides support to the various Front Office teams for the determination of ratings- internal and external - of the assets under management as well as for the identification of the best investment strategy on ESG assets aimed at guaranteeing the set objectives.

2.6. CORPORATE CONTROL FUNCTIONS

The second and third level Corporate Control Functions, each in its own area of competence, take into account in their assessments the compliance of the decision-making processes relating to investments in ESG products, including sustainability risk factors.

By way of example but not limited to:

- the Risk Management Function is responsible for, among others, the following activities:
 - assess and define the sustainability risk of new Products and Services;
 - define the internal ESG ratings of the participating UCIs;
 - identifying, monitoring and controlling ESG risks on assets under management;
 - within the Technical Management Committee of the individual Funds, draw attention to the definition of ESG risks, the safeguards aimed at mitigating them and/or the action plans envisaged to achieve the objectives set;
- the Compliance Function, on the other hand, is responsible, among others, for verifying the following:
 - compliance with the obligations of transparency of information towards investors;
 - compliance with the process of identifying and managing conflicts of interest;
 - consistency between the product distribution strategy and its characteristics as well as the objectives of the identified target customer market.

3. FININT INVESTMENTS' ACTION PLAN

To define its sustainable approach, Finint Investments has *first identified* the relevant sustainability thematic areas on which to intervene, offering – for each of them – a concrete and real contribution to mitigate some of the risks highlighted by the United Nations in the 2030 Agenda.

Specifically, these are:

 	<p><u>Affordable and clean energy and the fight against climate change</u></p> <p>The Company, aware of the negative effect that its business may have on the surrounding environment, aims to operate in such a way as to reduce this impact as much as possible. In fact, during the management of the Funds and their portfolios, it carries out an assessment of environmental aspects so as to raise awareness among companies and Funds about the importance of protecting the environment.</p> <p>In particular, the SGR invests in the environment and energy sectors through funds dedicated to the development of renewable energy.</p>
	<p><u>Sustainable cities and municipalities</u></p> <p>The SGR invests in the real estate sector by constantly dialoguing with the public and private sectors in order to promote urban redevelopment and regeneration operations. The management and promotion of social housing funds make it possible to reduce inequalities between citizens, favoring neighborhood life and sociality, as well as promoting residential development even in peripheral areas far from metropolitan areas.</p>
	<p><u>Decent work and economic growth</u></p> <p>The Company aims to ensure appropriate working conditions in the companies in which the Funds it manages invest, and to promote and support the social development of the community in which the Company operates. It encourages first and foremost the approach to resource management aimed at safeguarding their skills and competences, pursuing a work culture based on equal opportunities, merit criteria and repudiating any form of discrimination. The SGR also monitors the direct and indirect impacts on employment and the economic system that it generates through the Italian companies in which the Real Economy Products invest.</p>
	<p><u>Business, innovation and infrastructure</u></p> <p>The SGR promotes innovation and technological development of Italian SMEs in which real economy funds invest through operations that accompany them on their growth path.</p>
	<p><u>Gender equality</u></p> <p>The SGR is committed to regularly assessing the presence of women in relevant positions within its organization and to promoting the role of senior women in the financial sector.</p>
	<p><u>Health</u></p> <p>The SGR supports the development of the health system through real estate investments in nursing homes (RSAs) in order to make health services more accessible.</p>
	<p><u>Responsible consumption and production</u></p> <p>The SGR guarantees sustainable production and consumption models with particular attention to the real estate sector, favoring construction and investments in highly energy-certified properties.</p>

The Company has therefore drawn up an action plan aimed at supporting an improvement in the impacts that it can generate on the external environment, adopting a respectful conduct towards this and people. The aforementioned action plan is updated annually by the Company's ESG Committee, which monitors its progress and implements the objectives to be pursued in the short to medium term.

The main areas in which the Company has intervened at company level are set out below, referring to the internal regulations in force from time to time for appropriate in-depth analysis.

3.1. MEMBERSHIP OF THE PRI AND OTHER PRINCIPLES

Among the objectives of the ESG Action Plan that the Company has set itself, there is the adherence, updating and annual monitoring of the Principles for responsible investments, the principles promoted by the United Nations aimed at promoting sustainable approaches in the financial sector and supporting the integration of environmental, social and governance issues into traditional investment processes.

Finint Investments has been adhering to the aforementioned PRI since 2021, renewing its commitment to supporting sustainability-related issues year after year, through the constant updating of information related to the activities carried out, governance and corporate regulations of the SGR.

The six principles for responsible investment identified by the United Nations and which the Company therefore draws inspiration from to deduce the possible actions to continue on its ESG growth path can be summarised as follows:

1. Integrate ESG issues into investment analysis and decision-making processes;
2. Be an active shareholder and incorporate ESG issues into the company's active ownership policies and practices;
3. To ask for adequate communication regarding ESG issues from the entities in which the company invests;
4. Promote the acceptance and application of principles in the financial sector;
5. Collaborate to improve the effectiveness of society in the application of the principles;
6. Communicate the company's activities and progress in applying the principles.

Finally, the SGR is committed to pursuing a positive ESG impact also inspired by the principles of the following projects:

- Global Compact, issued by the United Nations;
- Global Reporting Initiative, a standard used at Group level for the promotion and responsibility of the Group with regard to sustainable impact;
- International Standard on Assurance Engagements ISAE 3000 (revised), issued by IAASB);
- Sustainability Accounting Standard Board (SASB);

- Task Force on Climate-Related Financial Disclosures, to promote transparency with stakeholders on climate change risks.

3.2. HUMAN RESOURCE POLICY MANAGEMENT

Human capital is the main resource of the SGR as it is the basis of all the activities carried out by it. For this reason, the Company strives to ensure that (i) the qualitative and quantitative adequacy of the workforce is ensured; (ii) the development and enhancement of people by seeking the best adherence of individual profiles and skills to the contents of the roles and the excellence of performance; (iii) the motivation of the staff and the spirit of belonging; (iv) the dissemination of the distinctive values of the SGR and the Group that guide the behaviour of employees.

3.2.1. Personnel selection and management

In line with the aforementioned principles, the Company is committed to ensuring that the selection of its collaborators is carried out in an impartial manner and is oriented towards the quality and professionalism of resources, enhancing their diversity to increase knowledge and skills. For this reason, within the Company, the management of human resources is inspired by the principles of non-discrimination, inclusiveness and equal opportunities and dignity and to ensure that this is respected, the Company periodically monitors the trend of female quotas, also comparing it with the sector averages and with the results of previous years.

3.2.2. Training

The Company strives to ensure that its employees can acquire specific skills through training courses organized on an annual basis and customized with respect to the various tasks covered. The training courses organised also include those on the topic of sustainability in the investment sector, in which at least one member of each organisational unit is invited to participate, in order to disseminate ESG knowledge among all the Company's staff as evenly as possible.

3.2.3. Remuneration and incentives

The Company has outlined an incentive plan aimed at resources belonging to the perimeter of the most relevant personnel aimed, among other things, at attracting and motivating resources, rewarding the achievement of results and the culture of performance and enhancing the virtuous behaviours put in place to achieve them.

For this reason, the remuneration structure adopted with reference to the aforementioned personnel provides for a fixed component, which rewards the role held and the breadth of responsibilities,

reflecting the experience and skills required for each position as well as the level of excellence demonstrated and the overall quality of the contribution to business results, and a possible variable incentive component, which aims to recognize the results achieved by establishing a direct link between the compensation and actual results, of the company and the individual, in the short, medium and long term and in compliance with the defined risk profile.

For Fund managers pursuing sustainability objectives, variable remuneration is also based on non-financial performance indicators relating to ESG, which take into account the actual result achieved by the Fund in this area. These objectives, together with those related to the performance of the UCI and more generally to the SGR, are included in an individual objective sheet and measured on an annual basis, comparing them with those actually achieved.

The Company has provided the aforementioned mechanism for all *C-level* roles, as well as marginally for the support staff involved in the management and administrative activities of the Funds in ESG scope and plans to extend this approach to the entire population of company personnel involved, both directly and indirectly, in ESG activities.

3.3. ENVIRONMENTAL RESPONSIBILITY

Although the nature of the business and the small size of the SGR do not entail a particularly high environmental impact, the Company has nevertheless adopted some measures to make its contribution to protecting the environment:

- efficient management of resources, consisting of the conscientious consumption of energy and materials to avoid any form of waste, accompanied by an adequate waste management system;
- action plans aimed at limiting energy consumption, while promoting the consumption of energy from certified renewable sources;
- implementation of policies aimed at saving paper by limiting the printing of color copies as much as possible;
- raising awareness of travel arrangements for business trips, inviting employees to prefer, where possible, the use of the train for high-speed routes instead of cars and/or planes;
- gradual conversion of the company fleet into hybrid cars and then electric cars, depending on the progress made by car manufacturers.

3.4. CONFLICTS OF INTEREST

In line with the regulatory provisions in force (including the so-called "Regulatory Decree"). MiFID II Directive), the Company has adopted specific legislation on conflicts of interest to govern the operating

methods for preventing, identifying, analyzing, managing and monitoring situations of conflict of interest, including potential ones, that may arise in the performance of its institutional activities and that may harm the interests of one or more of the Assets under Management and those of the related Participants and clients or be in conflict with the environmental or social characteristics that may be promoted by UCIs.

The Company, taking into account the nature, size and complexity of the activity carried out (on the basis of the principle of proportionality), has identified specific safeguards for the prevention and management of situations of conflict of interest to be applied on the basis of individual cases of conflicts; these also include the safeguards that must be activated in the event that a conflict deriving from the investment activity of the UCIs is identified that could cause a risk of sustainability that is not compatible with the Capital itself or that could give rise to greenwashing, as it has characteristics that are incompatible with the classification attributed to the Fund pursuant to the applicable legislation (EU SFDR Regulation and EU Taxonomy) or with the sustainability policies adopted by the SGR and applicable to the reference Fund.

3.5. ESTABLISHMENT AND MARKETING OF NEW PRODUCTS AND SERVICES

The Company is required to evaluate and define all aspects relating to the establishment and marketing of new Products and Services, including the customer segments to which the new Products or Services are intended to be offered, taking into account the nature and characteristics of the investment product, including its complexity, risk/return profile, the sustainability characteristics of the product, its liquidity and its innovative character.

For the purposes of identifying the Target Market of the Product it intends to establish, the Company shall specify, among others, the financial objectives and client needs that the Product is intended to achieve, including general financial objectives or the investment strategy generally adopted by the identified clients. In particular, the Company must specify:

- if the product promotes environmental/social characteristics pursuant to art. 8 of Regulation (EU) 2019/2088 ("SFDR Regulation") or has sustainability objectives pursuant to art. 9 of the SFDR Regulation, or if it does not promote sustainability characteristics or sustainability objectives pursuant to the aforementioned provisions;
- whether or not the product takes into account the principle adverse impact under the SFDR Regulation;
- whether the product pursues eco-sustainable objectives under Regulation (EU) 2020/852 ("EU Taxonomy") and whether or not it complies with the do not significant harm principles under the EU Taxonomy itself.

Finally, in the offer documentation to be made available to investors, the SGR must specify, among other things, depending on the type of Fund:

- ESG information for AIFs and UCITS pursuant to Article 8 or Article 9 of the SFDR Regulation, according to the format set out in Commission Delegated Regulation (EU) 2022/1288 of 06/04/2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council;
- the types of assets in which the AIF may invest, as well as the techniques it may use and all associated risks (including sustainability risk as defined in Article 2(22) of the SFDR Regulation), and any limits on the investment.

3.6. SUPPLIER SELECTION AND MANAGEMENT

The Company has identified the general principles to which the SGR itself and the Assets under Management must comply if they intend to proceed with the selection of a supplier or consultant to whom to assign a specific activity. In general, one or more quotes must be acquired depending on the type and relevance of the service/work requested, while the choice of the supplier and therefore of the estimate must be made in compliance with specific parameters.

With particular reference to the general principles on sustainability, the SGR promotes responsible and sustainable management of the supply chain, basing its processes on contractual relationships aimed at compliance with transparency, national regulations and corporate directives on ESG (environmental, social and governance aspects) in force from time to time, as also reported in its Code of Ethics. The SGR, therefore, also adopts the aforementioned principle in the selection process of Suppliers, requiring them to formally accept the ethical and social guiding principles and the obligations of conduct defined within the Code of Ethics and the Code of Conduct for suppliers of the SGR itself, as well as establishing a collaborative relationship with them for continuous improvement of the company's mutual sustainability policies.

3.7. INFORMATION TRANSPARENCY

The Company is constantly oriented towards disseminating its commitment to ESG and the results achieved.

3.7.1. Transparency of information on the website

The Company also takes into account the obligations of intermediaries under Regulation (EU) 2088/2019 on sustainability-related disclosures in the financial services sector. First of all, the

provisions of Article 3 "Transparency of sustainability risk policies" and Article 4 "Transparency of adverse sustainability effects at the level of the subject" of the aforementioned Regulation are relevant.

Pursuant to the provisions of the aforementioned articles, the SGR:

- publish on its website information about the policy on the integration of sustainability risks adopted in its investment decision-making processes;
- Taking due account of its size, the nature and scope of its activities and the type of financial products promoted, it shall publish and update on its website:
 - a statement on due diligence policies, where they take into account the principal adverse impacts of investment decisions on sustainability factors; alternatively
 - a clear justification for not having due diligence policies in place on the principal adverse impacts of investment decisions on sustainability factors, or, where applicable, information on whether and when they intend to consider those adverse impacts.

Given the above, the SGR uses its website to provide updates on key initiatives and progress made in ESG matters, publishing documents such as:

- the internal regulations adopted by the Company to govern ESG issues;
- SFDR (Sustainable Finance Disclosure Regulation) disclosures;
- the disclosure on the sustainability of financial services for each Fund under management that falls into the category of products referred to in art. 8 of EU Regulation 2019/2088 (SFDR).

3.7.2. Transparency in marketing communications

The SGR complies with European and national regulations on advertising and promotional information and communications, with specific reference to the following obligations for intermediaries, also with regard to the investments proposed in relation to ESG products:

- provide the customer with correct, clear and non-misleading information, including in the context of advertising and promotional communications;
- ensure that the information contained in marketing communications is in line with that provided to customers in relation to the products offered.

For more details, see also the following paragraph and chapter 4.4 of this document.

3.7.3. Pre-contractual information

With reference to ESG investments, in line with the regulatory technical standards in force, in the pre-contractual information or, alternatively, in the documents related to it (by way of example, product sheets), the Company provides information on the objectives and characteristics in relation to which the Product or Service is qualified as having a sustainable, or ethical or socially responsible investment

objective, including the possible allocation of revenues generated by the products offered and services provided for social or environmental initiatives. The aforementioned pre-contractual information is provided by the SGR in compliance with the provisions contained in the MiFID II discipline and EU Regulation 2088/2019 and can be integrated, with more detailed information, in the product sheet and in the fund' prospectus. In particular, in the pre-contractual information to customers or in the documents related to it, the Company provides more detailed information to explain:

- a. whether the product is intended to make sustainable investments or promotes environmental or social characteristics;
- b. whether there is a benchmark against which the environmental or social characteristics promoted can be compared.

For more details, see also what is reported in chapter 4.4 of this document.

3.7.4. Periodic reporting

In order to enhance the impacts of responsible investment activities, the SGR reports to its investors on the activities carried out and the results obtained from the implementation of the policies adopted on "sustainable finance", also highlighting the alignment of the portfolios under management with ESG criteria (in absolute terms and in relation to benchmarks) and ensuring the transparency of the promotion of the environmental or social characteristics of sustainable investments in the annual reports of the UCIs pursuant to art. 11 of Regulation (EU) 2019/2088 ("SFDR") for Funds adhering to art. 8 or 9 of the same Regulation and according to the scheme defined by Commission Delegated Regulation (EU) 2022/1288 of 06/04/2022.

For more details, please refer to chapter 4.4 of this Policy.

4. SUSTAINABILITY IN ASSETS UNDER MANAGEMENT

The Company is aware that the integration of so-called ESG factors into collective asset management is one of the most important measures identified by the European Commission's Action Plan on Finance for Sustainable Growth.

Investing in an ESG key means introducing environmental, social and governance factors into the decision-making process, relating to the construction and monitoring of portfolios, together with purely financial analysis.

In this context, the plans of interventions planned by Finint Investments on the assets of the Funds, in line with the strategies of each of them, highlight an approach that is based on the guidelines promoted by the PRI (Principles for Responsible Investment) and recalls the best practice adopted by other financial operators; specifically, the approach is based on four key elements that are integrated into a single vision:

- 1) Regulatory screening based on exclusion criteria on norms, values, 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 involvement, education and dialogue with operators;
- 4) reporting for clear and transparent communication with the outside world and its customers.

4.1. NEGATIVE SCREENING (OR *EXCLUSION*)

Negative **screening** (or **exclusion**) consists in identifying predefined investment rules by virtue of which investments are excluded *a priori* on the basis of **regulations** (e.g. the Ottawa Treaty which aims to eliminate the production and use of mines in all states of the world), **values** (e.g. excluding investments in companies operating in sectors that do not comply with the principles of the United Nations Global Compact such as tobacco, nuclear, chemical or biological weapons), **controversial economic activities** (e.g. excluding investments in companies involved in controversial practices, such as child labour exploitation, human rights violations or tax evasion) and **geographical zones/countries** (e.g. excluding investments in activities/sectors in certain geographical areas/countries).

With this in mind, the SGR has therefore decided not to support – either directly or indirectly – investments whose activities:

- consist of illegal economic activities (meaning production, trade and other activities that are illegal under the regulations applicable to the SGR, its Managed Funds or the companies in which it invests, including but not limited to human cloning for reproductive purposes);
- are substantially concentrated on:
 - production and marketing of tobacco, distilled alcoholic beverages and related products;
 - production and marketing of firearms and ammunition of all kinds, except in the case where these activities are part of, or in any case ancillary to, European Union policies;
 - gambling and equivalent activities;
 - gold and *retail* precious metals trading;
 - production or marketing of pornographic material;
 - human cloning or cloning on genetically modified organisms;
- they are linked to companies that do not guarantee respect for human rights in the exercise of their activities.

In addition to this, in accordance with ESG regulatory compliance, the SGR carefully and adequately assesses all investments related to:

- fossil fuel production and related activities such as: (i) coal extraction, production, transportation, and storage, (ii) gas and oil exploration and production;
- energy-intensive and/or CO₂-emitting industries, such as predominantly (i) the manufacture of other organic and inorganic basic chemicals, (ii) the manufacture of fertilisers and nitrogen compounds, (iii) the production of virgin plastics, (iv) the production of cement, (v) the production of steel, iron and aluminium.

This does not provide for automatic exclusion and screening but a careful assessment by the various investment and management committees of the environmental impacts and repercussions that they may have and of the actions taken by the counterparties in order to mitigate the related environmental risks. The list of exclusions may also be expanded depending on the type of Fund as well as determined in agreement with investors, without prejudice to the principles adopted by the Company mentioned above. In addition, it should be noted that the ESG Committee will have to continuously monitor the exclusion principles adopted by the Company so that they comply with the guidelines provided for adherence to the PRI and the exclusion from the investable universe of companies or activities linked to sectors that do not comply with the principles of the UN Global Compact.

4.2. ESG INTEGRATION

ESG integration involves incorporating specific ESG factors into the financial analysis and portfolio construction process of the Funds under management, with particular attention to achieving a

sustainable balance for the complexity of investments. ESG indicators can therefore provide complementary information that allows you to learn more about the opportunities and risks associated with an investment decision.

In investment processes, the systematic approach to ESG integration varies according to the asset class in which the UCI can invest and according to the provisions of the Fund's investment strategy; therefore, in order to generate investment decisions that pursue ESG criteria and that meet financial and sustainability objectives at the same time, the Company will have to make use of ESG research providers and rating agencies, as well as conducting its own sustainability analyses.

4.2.1. Rating

As part of ESG integration, the Company uses various methodologies to assess, qualitatively and quantitatively, the sustainability performance of the assets under management.

Internal ratings

Finint Investments has developed its own internal model to accurately assess the sustainability performance of both the real estate assets of the traditional Real Estate Funds under management and of the target companies of the funds related to Private Markets, focusing in particular on the assessment of the sustainability risk of the specific asset based on the sectors to which they belong.

In particular, the "Finint ESG score" makes it possible to diversify the analyses by asset type by assigning a single score to each of the KPIs present in each category present in the three pillars (E: environment, S: sustainability, G: governance) and aggregating everything into a final result. This score is updated and monitored by the Front Office and the Risk Management Function and is an integral part of the Funds' investment strategy and the resulting information that is made available to investors from time to time. The calculation of these scores is carried out using applications, developed internally or provided by external providers, based on the type of asset class to be evaluated (for example, Deepki for Real Estate assets and One Compliance for Private Markets assets).

The evaluation system described, in addition to allowing the sustainability performance of assets to be assessed and monitored on a timely basis, identifies a minimum threshold limit beyond which investments are not permitted.

External ratings

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). The 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, represent the guidelines for the ESG management of the real estate portfolio:

- The Management component assesses the level of integration of ESG principles within the company's business strategy with the aim of:
 - identify 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 the 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 weigh 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.

For the Public Markets asset class, on the other hand, the SGR uses the external provider Mainstreet Partner to assign a rating both at the level of the individual asset invested, assessing the physical risk and the transition risk of the same, and at the general level of the Fund. To this end, the provider makes it possible to identify, among over 200 indicators, the most relevant ones for the calculation of the 12 categories and 3 dimensions (Environmental, Social and Governance) of which the ESG rating is composed ; in particular, transition and physical risks are determined and then monitored through two different categories of environmental scores: Environmental Strategy and Environmental Strategy.Production Process. The scores that emerge in this way offer a complete assessment and integration of the risk to be considered both during the pre-investment and in the monthly monitoring, as they guarantee a complete assessment of all risks related to sustainable issues. Finally, for a more complete analysis and for the validation of the results that emerged, the Company deepens, evaluates, compares and analyzes the data published also by other data providers or analysis of data available and published by the issuers themselves.

4.2.2. Integration of sustainability risk

Risk measurement and assessment is one of the phases of the risk management process that the Company has implemented to ensure that any significant risk is promptly and correctly identified and effectively managed, assigning the Risk Management Function the responsibility of developing, validating and maintaining adequate measurement and control systems for each of the risks mapped.

Among the risks to which the individual assets of each Fund's portfolio are composed may be exposed is **sustainability risk**, defined as the risk of a significant negative impact, actual or potential, on the value of an investment caused by the occurrence of an environmental, social or governance event or condition.

The sustainability risk is composed, among others, of the so-called "sustainability risk". **climate and environmental risk**, which, in turn, is separated into the cases of:

- transition risk, i.e. the indicator that assesses the negative economic impact, direct or indirect, deriving from the process of adjusting the asset towards a low-carbon economy and more sustainable at an environmental, social and governance level;
- physical risk, i.e. the indicator that assesses the negative economic impact deriving from climate change and in particular the consequences of weather events in the form of material damage or loss of productivity, as a result of progressive changes in the climate or extreme events.

Given the above, each Fund under management that invests in the asset classes Real Estate & Energy, Private debt & Direct lending, NPE loans, Private Equity & Venture Capital and Public Market presents an assessment of both transition risk and physical risk⁵, calculated, depending on the type of assets, using specific platforms⁶ in use by the Company or by making use of the support of third-party suppliers specialized in the subject⁷ or internal models that process the answers provided by the target company to qualitative questions contained in special questionnaires provided annually.

4.3. ACTIVE IMPACT

In investments in the real economy, the dialogue between the SGR and the Target Company is part of a more complex path that can be defined as "Education". The SGR, therefore, encourages the adoption by the individual Target Companies of internal protocols and procedures aimed at identifying, preventing and mitigating possible negative social and environmental impacts that may derive from their commercial operations and the main corporate strategies adopted. The Target Company entering the capital market must, therefore, become aware of the need to implement sustainability policies internally so that the approach to Sustainability Risk appears more contained for investors; to incentivize this approach, any covenants or reward factors may be provided depending on the rating level associated/reached by the Target Company.

⁵ with the exception of Funds that invest in Real Estate & Energy asset classes in liquidation, divestment, failure or that also invest in securitisation products and with the exception of Funds that invest in NPE loans for which the sustainability analysis is carried out only with reference to physical risk

⁶ *Deepki Ready*

⁷ *Mainstreet Partners*

4.3.1. Engagement and voting rights

The management of the corporate governance of the companies and funds in the portfolio is one of the key principles underlying the SGR's responsible investment process. In this regard, the Company implements active participation strategies that consist of exercising its voting rights at shareholders' meetings and/or a dialogue with the issuers in which its UCIs invest in order to promote transparency, the achievement of high standards of corporate governance and the adoption of practices oriented towards sustainable development in the same Issuers.

Specifically, the Company has defined - within its Regulation for the exercise of engagement and voting rights - the minimum standards with which it is required to:

- integrate engagement into your overall investment strategy;
- monitor Issuers on material matters, including strategy, financial and non-financial results, risks, capital structure, social and environmental impact and corporate governance;
- establish a constructive dialogue with the Issuers in which the UCIs under management have invested in relation to i) issues related to sustainability in all its components (environmental, social and governance), ii) events with direct financial impacts such as financial transactions, iii) credit risk and iv) business strategies;
- exercise voting rights and other rights related to the holding of financial instruments;
- collaborate with other stakeholders and with the most relevant stakeholders of the companies in which the UCIs manage and/or control it; and
- manage actual and potential conflicts of interest in relation to engagement.

4.4. REPORTING ESG

In order to enhance the impacts of responsible investment activities, the SGR promotes transparency and responsibility of investments by ensuring that investors have access to clear and comparable information on the environmental, social and governance characteristics of the Products, as well as on the achievement of any sustainability objectives pursued by the UCIs under management.

The Company must ensure that such information is properly integrated into periodic reports and communicated to the respective stakeholders in accordance with applicable regulations.

Specifically, it is envisaged that the annual management report of the reference UCI explicitly states that information on environmental or social characteristics is available in a specific annex to it; In particular:

- for managed UCIs that promote environmental or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 (SFDR), the Annex must be drawn up in accordance with the template set out in Annex IV to Commission Delegated Regulation (EU) 2022/1288 of

6/04/2022 and information on the extent to which the environmental and/or social characteristics are achieved by the Fund must be described therein;

- for Products compliant with Article 9 of Regulation (EU) 2019/2088, which have Sustainable Investments as their objective, the annex must be prepared in accordance with the model set out in Annex V to Delegated Regulation (EU) 2022/1288 and must describe:
 - the overall sustainability-related impact of the financial product through relevant sustainability indicators; or
 - where a benchmark has been designated as a benchmark, a comparison of the overall sustainability-related impact of the financial product with the impacts of the designated benchmark and a broad market index through sustainability indicators.

In both cases, if the UCIs take into account the principal adverse impacts in investment decisions (PAIs⁸), the annex to the management report must also provide appropriate disclosure on the assessment of the principal adverse impacts on the sustainability factors described in the offering documentation relating to the product⁹.

⁸ the assessment of PAIs must be carried out in accordance with the methodology described in Annex I to Commission Delegated Regulation (EU) 2022/1288 of 6/04/2022, providing the information on the indicators described in Tables 1, 2 and 3 on the basis of what is applicable to the reference UCI.

⁹ Section "Does this financial product take into account principal adverse impacts on sustainability factors?"