

Sustainability-related disclosures for Fonditalia Quality Innovation Sustainability

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

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Summary	<p>This Sub-fund promotes environmental or social characteristics. In addition the Sub-fund has a commitment to invest a minimum of 30% of the Sub-fund's net assets in sustainable investments pursuant to article 2(17) SFDR. The Management Company identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies".</p> <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund</p> <p>The indicators used to measure the attainment of each of the environmental or social characteristic promoted by the Sub-fund are:</p> <ul style="list-style-type: none"> • the binding restrictions in the investments in securities that are on the exclusion list as result of the application of the exclusion policy. The Management Company restricts investment in sectors which deems to be harmful from an SRI/ESG perspective or which do not follow good governance practices. The Sub-fund complies with an exclusions policy which refers to: i) the production, maintenance, sales and storage of weapons of mass destruction (WMD); and ii) the extractive activities, production and distribution of electricity connected with thermal coal, the energy source among fuels which represents the highest contributor in terms of carbon dioxide emissions; therefore, issuers deriving at least 25% of their revenues from these activities are excluded. The exclusion is extended to those issuers in breach of the Principles of the UN Global Compact which include principles relating to human rights, labour conditions, environmental issues and anti-corruption practices; • the weighted average ESG score of the portfolio. <p>To undertake this ESG criteria analysis, the Management Company will use data provided by external ESG research providers' proprietary models (e.g. MSCI).</p> <p>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. In order to guarantee compliance with the strategies adopted to promote environmental and social characteristics, the Management Company relies on external info-providers (MSCI).</p> <p>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.</p> <p>In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 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 or in the classification of sustainable investment) should be limited to:</p> <ul style="list-style-type: none"> • 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. <p>The Sub-fund will have a minimum proportion of 30% of sustainable investments (box #1A Sustainable).</p> <p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management".</p>
No sustainable investment objective	<p>This Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.</p> <p>In addition the sub-fund partly invests, for a minimum proportion of 30% of its net assets, in sustainable investments pursuant to article 2(17) SFDR which means companies and issuers involved in activities that contribute to an environmental and social objective as outlined in UN Sustainable Development Goals (hereinafter also "SDGs") while not significantly harming any other environmental or social objectives.</p> <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the sub-fund.</p>

	<p>The sustainable investment methodology based on UN SDGs is built around the concept of SDGs alignment as much as misalignment. Each investee companies is evaluated in relation to both metrics therefore any misalignment to at least one of the 17 SDGs is considered a breach of the DNSH threshold and it excludes the opportunity to invest in the issuer. Additional third party data provides further tools and KPIs to assess if and how any investee company pass the Do Not Significantly Harm (DNSH) test.</p> <p>The significant harm to any environmental or social sustainable investment objective (represented by one or more of the 17 SDGs) is avoided by the monitoring of any adverse impact caused by each sustainable investment on sustainability factors.</p> <p>Principal Adverse impact (“PAI”) indicators All of the mandatory adverse impact indicators of Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288 (the “SFDR RTS”) are taken into account and any relevant ones in Tables 2 and 3 of the SFDR RTS by checking the PAI data through a periodic monitoring report where the values of the indicators at product level can be consulted 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. Additional information on PAI is available in the section dedicated to sustainability in the Management Company’s website which includes the “Sustainable And Responsible Investment Policy” as well as other PAI information.</p> <p>Alignment with international standards The Management Company’s Sustainable and Responsible Investment Policy specifies that corporate approach to sustainable and responsible investments is inspired by the principles contained in documents such as UN Global Compact principles (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), Organization for Economic Cooperation and Development (OECD) Guidelines for multinational enterprises, International Labor Organization Conventions. This approach follows the methodology for the definition of “sustainable investments” with specific reference to the Do Not Significantly Harm Principle.</p> <p>The Management Company monitors the entire portfolio on the basis of a series of environmental, social and governance indicators (via third party data), including the violations of the UNGC and OECD Guidelines for Multinational Enterprises. Issuers characterized by a severe and serious dispute equal to “Red” (also referring to selected global norms and conventions, including the United Nations Global Compact Principles, the International Labour Organization’s conventions, and the United Nations Guiding Principles on Business and Human Rights) are excluded from the investment perimeter.</p> <p>In addition, as described in the Sustainable and Responsible Investment Policy, the Management Company monitors two social PAI selected to limit exposures to violations of the UNGC principles/OECD guidelines.</p>
<p>Environmental or social characteristics of the financial product</p>	<p>This Sub-fund promotes environmental or social characteristics. In addition the Sub-fund has a commitment to invest a minimum of 30% of the Sub-fund’s net assets in sustainable investments pursuant to article 2(17) SFDR.</p> <p>The main environmental and social characteristics promoted by the Sub-fund through the Management Company’s ESG methodology are the following:</p> <ul style="list-style-type: none"> • 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).
<p>Investment strategy</p>	<p>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.</p> <p>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.</p> <p>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.</p>

Proportion of investments	<p>In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 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 or in the classification of sustainable investment) should be limited to:</p> <ul style="list-style-type: none"> • 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. <p>The Sub-fund will have a minimum proportion of 30% of sustainable investments (box #1A Sustainable).</p>
Monitoring of environmental or social characteristics	<p>The Management Company monitors on an ongoing basis the ESG scoring of the portfolio versus the benchmark.</p> <p>The ongoing control of the other negative screening criteria, such as the restrictions to the investment in issuers characterised by:</p> <ul style="list-style-type: none"> • an ESG rating equal to “CCC”, classified according to the proprietary rating methodology of the external provider MSCI, which contemplates a range of values going from “AAA”, for the best rated issuers, to “CCC” for the riskiest issuers. • a severe and serious dispute equal to “Red”, classified according to the proprietary methodology of the external provider MSCI, that indicates an ongoing very severe ESG controversy (a controversy having a social and/or environmental impact) involving a company directly through its actions, products or operations (e.g., loss of life, destruction of eco-system, economic shakedown affecting multiple jurisdictions). <p>is guaranteed by the ex-ante limitations to the management activity of the fund managers.</p>
Methodologies	<p>SCORING ESG</p> <p>The Management Company is equipped with an internal engine for the calculation of the product ESG score through the processing of the basic information on the score of the underlying issuers sourced by the specialised provider MSCI.</p> <p>The score of the issuers is attributed in relation to the score of the three pillars of sustainability: environmental, social and corporate governance.</p> <p>For each pillar the provider performs a granular breakdown taking into account the basic component and the potential and actual risks associated with sustainability factors and a weighting of the weights of each component on the basis of the statistical analysis of the historical and prospectus information for the issuers and for the related sectors included in the proprietary database.</p> <p>The calculation of the ESG Score at product level represents the weighted average of the scores of each investment in the portfolio, modified with regards to the level of cover of the information.</p> <p>In applying the above mentioned methodologies, with the aim to promote environmental or social characteristics, the Management Company ensures that:</p> <ul style="list-style-type: none"> • the binding elements of the investment are respected for issuers characterised by: <ul style="list-style-type: none"> - an ESG rating equal to “CCC”, classified according to the proprietary rating methodology of the external provider MSCI, which contemplates a range of values going from “AAA”, for the best rated issuers, to “CCC” for the riskiest issuers; - a severe and serious dispute equal to “Red”, classified according to the proprietary methodology of the external provider MSCI, that indicates an ongoing very severe ESG X Fonditalia – Fonditalia Euro Bond Long Term 4 controversy (a controversy having a social and/or environmental impact) implicating a company directly through its actions, products or operations (e.g. loss of life, destruction of eco-system, economic shakedown affecting multiple. <p>For this product, which has a benchmark (as set out in the Sub-fund’s investment policy), the binding investment restrictions allow a maximum permissible exposure equal to the issuer’s weight on the benchmark.</p> <p>The integration of ESG factors is promoted through the selection of issuers in terms of their sustainable performance through an ESG score and in order that the final average ESG portfolio scoring is higher than that one related to the Sub-fund’s benchmark. To undertake this ESG score analysis, the Management Company will use data provided by external ESG research providers’ proprietary models (e.g. MSCI).</p> <p>SUSTAINABLE INVESTMENTS</p> <p>Sustainable investments are required to comply with all of the requirements of article 2(17) SFDR. The Management Company applies the following assessment in order to determine whether an investment can be determined as being sustainable:</p> <p>Issuers of financial instruments in the equity and bond category</p> <p>The model defined by FAMI provides for the evaluation of issuers on the basis of an internal methodology that uses the data made available by the specialized info-provider “MSCI ESG Research” and which aim to analyze and measure the degree of alignment of an issuer with the n. 17 SDGs promoted by the United Nations.</p>

The methodology involves the assessment of the degree of alignment with each of the SDGs with respect to the following components defined by "MSCI ESG Research" within its methodological framework "SDG Alignment Methodology":

1. "Product Alignment", i.e. the indicator of the degree of "net alignment" of an issuer's products and services to the targets associated with each SDG; this indicator aims to (i) estimate the revenue of companies issuing products and services that respond to one or more relevant SDGs and (ii) identify products and services that have potentially negative impacts with respect to the achievement of the SDGs;
2. "Operational Alignment", i.e. the indicator of the degree of alignment of the production processes of the issuing companies with respect to specific Sustainable Development Goals (SDGs). This metric takes into account the internal policies, objectives and practices implemented by the issuers;

Each component is assigned a synthetic score that can vary from +10 ("Strongly Aligned") to -10 ("Strongly Misaligned"), depending on the following n. 5 categories:

- Strongly Aligned > 5
- Aligned ≥ 2 e ≤ 5
- Neutral > -2 e < 2
- Misaligned ≤ -2 e > -10
- Strongly Misaligned = -10

The summary score of each SDG is determined by analysis (cd. "assessment") of the scores assigned to the two components, through the following matrix:

		PRODUCT ALIGNMENT																					
		Strongly Aligned					Aligned				Neutral				Misaligned				SM*				
		10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	
OPERATIONAL ALIGNMENT	Strongly Aligned	10	10	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	-10
		9	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-10
		8	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-10
		7	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-10
		6	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-10
	Aligned	5	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-10
		4	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-10
		3	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-10
		2	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-10
		1	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-10
Neutral	0	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-10	
	-1	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-10	
	-2	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-10	
	-3	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-10	
	-4	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-10	
Misaligned	-5	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-10	
	-6	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-10	
	-7	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-10	
	-8	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-10	
	-9	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-9.0	-10	
SM*	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	

SM* - Strongly Misaligned

In conclusion, FAMI believes that an investment can be considered "sustainable" if the issuer has at least 1 SDG with a score equal to "Aligned" or "Strongly Aligned", i.e. at least equal to 2 (≥ 2), and no SDGs with a score equal to "Misaligned" or "Strongly Misaligned", i.e. equal to or less than -2 (≤ -2). The financial instruments defined as "Green Bonds" or similar¹³, are considered "sustainable".

PRINCIPAL ADVERSE IMPACTS

The model defined by the Management Company contemplates the monitoring of Principal Adverse Impacts through some indicators which represent the material negative impacts on sustainability factors from investment choices.

With reference to such negative effects, the product takes into account a series of environmental, social, of governance indicators, through the information collected by a specialised info-provider (MSCI ESG Research).

The indicators subject to monitoring are the following:

- Carbon emission (Scope 1 + 2);
- GHG intensity (such indicator includes emissions of type Scope 1, 2, 4; such emissions are weighted against the revenues for corporate issuers and against the gross domestic product for government issuers);
- Violations of United Nation Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises;
- Exposure to controversial weapons (anti-personnel mines, cluster ammunitions, chemical and biological weapons).
- Number of government issuers which report social violations in respect of international agreements, United Nations principles and, where applicable, national laws.

	<p>The basic data related to such indicators are sourced by the specialised provider MSCI ESG Research and are aggregated internally at product level.</p>
Data sources and processing	<ul style="list-style-type: none"> • the sources of data used to attain each of the environmental or social characteristics of the Sub-fund The process for the integration of ESG factors is based on products and services offered by MSCI ESG Research which provides for in depth researches, assessments and analysis on the approach and practices of thousands of companies worldwide in relation to environmental, social and of governance matters. Additionally, data included in the EET is used as a source. • measures adopted to guarantee the quality of the data The info-provider supported by artificial intelligence and by other technologies to increase the timeliness and precision of the collection and analysis of the data and to review and validate the quality of the data and the related sources. Moreover, the model for rating is often rebalanced to capture new and emerging risks more relevant for the core business's model of the company under assessment. • how is data processed The info-provider's data is used directly to apply the methodologies described in the section Methodologies according to the internal methodologies of the Management Company. • the proportion of non estimated data Where the data is not available, the value is prudentially set to 0, so that the investments with not available data are not considered as investments promoting environmental and/or social characteristics.
Limitations to methodologies and data	<p>The potential lack of data provided by companies in which an investment is made represents a limitation of sources of data with regards to the promotion of environmental and social characteristics. In order to avoid a misrepresentation of the percentage of investments that promote environmental and social characteristics, whereby for some investments data is not available, such investments are excluded from the proportion of investments promoting environmental and social characteristics.</p> <p>Also in relation to PAI, there are limitations to the methodology and the source of data. Due to the current limited availability of reliable data on a lot of PAI, the high variability of data on PAI at sectorial and geographical level as well as the their retrospective nature, no threshold or rigorous limit is set.</p>
Due diligence	<p>The Management Company performs prior and ongoing Due Diligence on the underlying assets through data and methodologies provided by MSCI ESG Research, verifying that the investments promote environmental and social characteristics, according to the methodologies illustrated in the section Methodologies .</p>
Engagement policies	<p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management".</p> <p>In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers.</p> <p>The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes</p>
Designated reference benchmark	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>