Investimenti SGR

8a+ Investimenti SGR

Sustainability Policy

DATA ON MANAGEMENT PROCESS AND DOCUMENT CHARACTERISTICS		
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Summary

INTRODUCTION

8a+ Investimenti SGR S.p.A. (hereinafter, the "Manager" or "8a+") was established in 2006 in Varese as an independent venture in the asset management sector, conceived by a group of experts who have gained complementary experience and skills and achieved remarkable results.

8a+ manages open and closed-end mutual funds (alternative and non-alternative) under Italian law and provides portfolio management services. It also plays the role of Management Company of 8a+ SICAV, a Luxembourg UCITS vehicle.

8a+ is one of the few independent asset managers in Italy. The company does not belong to any banking or financial group.

8a+ recognises the value of the ongoing transition process towards a sustainable economic system and the important role of the financial community in leading and/or responding to the needs of investors in choosing investments that contribute to the achievement of not only financial, but also Environmental, Social and Governance (ESG) objectives.

The Manager also believes that managing risks and opportunities related to ESG issues, as well as integrating the related factors into the investment process, support the creation of value and growth in the medium to long term.

In particular, the Manager's objective is to adopt a focused approach to social and environmental responsibility, creating value for all stakeholders.

To this end, in 2021, the Manager signed the *Principles for Responsible Investment* ("PRI") launched by the United Nations in 2006 with the aim of fostering the spread of sustainable and responsible investment among institutional investors and identified a number of fundamental pillars underpinning such sustainability strategy. Adherence to the PRI entails, among other things, compliance with and application of the following principles:

- incorporating ESG parameters into financial analysis and investment decision-making processes;
- being active shareholders and incorporate ESG parameters into shareholder policies and practices;
- working together to improve the implementation of the PRI;
- periodically reporting on the activities and progress made in implementing the PRI.

The present policy (the "Policy"), adopted pursuant to EU Regulation 2019/2088, aims at illustrating the guidelines set out by the Manager on environmental, social and governance sustainability in the performance of asset management and investment services. Specifically, this Policy illustrates the ways in which the Manager, in managing assets and providing services, takes (or does not take) into consideration, alongside financial risks, sustainability risks and negative effects on sustainability.

1. REGULATORY FRAMEWORK

In September 2015, the UN General Assembly approved the 2030 Agenda for Sustainable Development, whose essential elements are 17 *Sustainable Development Goals* (SDGs) that aim to fight poverty and inequality, foster social and economic development, address climate change and build peaceful societies by the year 2030.
In this context, the European Union has also committed itself to the transposition and definition of the principles of the 2030 Agenda. To this end, in March 2018, the European Commission adopted the "Action Plan: Financing Sustainable Growth" outlining the strategy and measures to be taken for the realisation of a financial system capable of promoting truly sustainable development in economic, social and environmental terms, contributing to the implementation of the Paris Agreement on Climate Change and the 2030 Agenda. For this reason, a regulatory framework was defined at the European level that led to the adoption of, among others, the following regulations:

1. Regulation (EU) 2019/2088 ("*Sustainable Finance Disclosure Regulation*" or "SFDR") on sustainability - related disclosures in the financial services sector to be made by financial market participants and financial advisors;
2. Regulation (EU) 2020/852 ("Taxonomy Regulation"), which provides criteria for determining whether an economic activity can be considered environmentally sustainable, in order to identify the degree of eco-sustainability of an investment,

as well as a series of delegated acts aimed at integrating sustainability risks and sustainability factors into the provision of investment services and assets management.

2. DEFINITIONS

For the purposes of the SFDR, the following definitions apply:

I. Sustainability factors: mean environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters;
II. Sustainable investment: means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;
III. Principal adverse impacts: mean those impacts of investment decisions and advice that result in negative effects on sustainability factors.

IV. <u>Sustainability risk</u>: means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

3. GOVERNANCE IN THE AREA OF SUSTAINABILITY

In order to identify, manage and monitor ESG issues over time, the Manager has defined the following system of tasks and responsibilities.

i. Board of Directors

The Board of Directors ("**BoD**") is in charge of adopting all sustainability policies and procedures that are necessary or appropriate in the carrying out of the company's business. The BoD also evaluates and decides on any environmental, social and governance sustainability initiatives, ensuring that they fully meet the expectations and needs of the relevant stakeholders.

ii. Investment Areas

The Investment Areas implement the investment strategy approved by the Board of Directors, in compliance with the sustainability criteria defined in this Policy and in the procedure governing the investment process. To this end, the Investment Areas also make use of data provided by external and independent providers specialised in the provision of ESG data and/or consultants and/or other suppliers.

iii. Sustainability Committee

The Manager has set up a Sustainability Committee with advisory and proposal-making functions to support the Board of Directors and the investment/management committees set up by the Company; such Committee may rely on the support as well as the data and information provided by the other corporate functions.
The members of the Committee are appointed by the Board of Directors from among internal and/or external personnel with high competence in sustainability issues. The members include at least one representative of the Company's Top Management to whom the Board of Directors assigns the role of ESG Policy Manager on behalf of Top Management.
The members include at least one person qualified in product related matters to whom the Board of Directors assigns the role of ESG Policy Operations Manager.
The following persons may be invited to attend Committee meetings as required:

- Risk Manager;
- Compliance Officer;
- Responsible for the Legal Area.

In particular, the Committee:

- contributes to the definition of sustainability policies, ESG methodologies and criteria to be adopted in the selection of issuers in the context of investment services and management of funds which are established or managed by the Company;

- contributes to the definition of guidelines concerning dialogue and the exercise of voting rights inherent in the financial instruments in which the managed products are invested, also in cooperation with external non-financial research providers;
- expressing opinions and views on ESG issues and their declination in the form of sustainability policies concerning the provision of services and/or products set up and/or managed by 8a+;
- assesses the main sustainability issues that affect, or may affect, the investment activity performed by the products and/or investment advice;
- responds to any request for clarification on ESG issues from product managers or investment advisors;
- interacts with the control functions regarding the analysis of sustainability risks that could have a significant negative impact on the financial performance of investments made by the products set up and/or managed by 8a+ and the negative impacts of investment decisions on sustainability factors;
- interacts with the other corporate functions in order to formulate any proposals for the Board of Directors regarding actions that could be taken to mitigate the negative effects of sustainability risks;
- supervises, in order to make any observations, sustainability reporting;
- monitors legal initiatives on sustainable finance, particularly with regard to possible impacts on product management activities and investment services provided by the Manager;
- submits an annual report on its activities to the Board of Directors.

iv. Risk Management Function

The Risk Management Function is entrusted with the following tasks, among others:

- measuring, managing and monitoring the sustainability risks inherent in the products' investment strategy and to which the products are or may be exposed;
- monitoring compliance with the pre-set sustainability risk limits and providing information in the event of any possible breach;
- providing support to the Investment Areas in measuring the main negative effects that management activity may have on sustainability factors. This will be done through the analysis of Principal Adverse Indicators (PAIs) collected on a quarterly basis.

The activity performed by the Risk Management Function differs depending on whether or not the managed product promotes environmental or social characteristics or a combination of such characteristics (see paragraphs 4 and 5 below). Specific controls in this regard are also performed (i) on products whose portfolio or part of it is managed by third parties under a specific delegation and/or (ii) on closed-end funds managed by 8a+.

i. Compliance Function

In particular, the Compliance Function is assigned the following tasks:

- Regularly assessing the adequacy and effectiveness of the present Policy in order to ensure compliance with fairness and transparency obligations and the safeguards adopted to mitigate the risk of non-compliance with sustainability conduct business rules in investment and collective management services;

- ensuring that all company policies and procedures are compatible with the present Sustainability Policy;
- monitoring the compliance of company procedures and practices with the regulatory provisions on sustainability which are applicable to the Manager from time to time;
- providing support in sustainability analyses carried out on closed-end funds managed by 8a+.

4. CLASSIFICATION OF PRODUCTS

In light of the applicable regulations, the Manager has classified the services provided and the products managed as follows.

1. *Products and/or services with the characteristics set out in Article 8 SFDR*

These include (i) products that promote environmental or social characteristics and (ii) services concerning products with such characteristics.

2. *Products and/or services that take sustainability factors into account although they do not promote them*

The marketing documents of such products and/or the agreements with the delegated managers and/or the service agreements state that no investments or recommendations shall be made in issuers substantially involved in certain controversial sectors and/or products and/or in issuers that do not guarantee compliance with internationally recognised sustainability principles (such as the UN Global Compact principles). The investment policy of some of these products includes investments in companies with a significant innovative and/or sustainability component and high growth potential.

3. *Products and/or services that primarily take into account criteria other than sustainability factors but may still be impacted by them*

For some products, although the Manager may consider certain sustainability-related factors in the investment decision-making process or in making investment advice, it does not promote these factors primarily, nor has it set them out as an investment objective. Since mainly non-sustainability-related factors are taken into account in the decision-making process, sustainability-related risk factors are just seen as one of the several risk factors which can be taken into account by the Manager. With reference to products in object, the Manager considers that the fund’s risk profile is mainly driven by non-sustainability-related factors.

4. *Other products and/or services that do not take sustainability factors into account*

This category includes products and services for which sustainability factors are not taken into account because the nature, characteristics, target investments or management model do not allow for their applicability. In particular, this category includes products and services that have or are based on an investment strategy that adopts quantitative management models and/or that invest in assets for which it is not currently possible to apply ESG factors (e.g. funds that invest in instruments that replicate indices and/or other funds at a global level).

The updated list of products falling into each category is available on the Manager website.

5. INTEGRATION OF SUSTAINABILITY RISKS

The Manager has decided to structure - thanks to the support of external providers specialised in the provision of ESG data - specific tools to support the Investment Areas and the Risk Management Function, aimed at enhancing and monitoring the managed portfolios as well as the investment advisory service provided from a sustainability point of view. These tools may vary depending on whether or not the product/service promotes - among other - environmental or social characteristics, or a combination of such characteristics.

i. Products falling under Art. 8 SFDR

With specific reference to the management of products falling under Article 8 SFDR, the Manager adopts - through the Investment Areas (and with the support of the Risk Management Function) - a multi-step approach to sustainable investment, in line with international best practices and applicable regulations.

As a first step, issuers that are substantially involved in certain controversial sectors and/or products and/or issuers that do not guarantee compliance with internationally recognised sustainability principles and/or are involved in severe litigation are excluded from the investment universe. The Manager’s negative screening approach to identify issuers that are not considered to be aligned with sustainable investment practices may combine the following screening criteria, as defined by the BoD with respect to each relevant product:

1. Involvement in controversial products/companies. A screening process that leads to the exclusion from the investable universe of issuers exceeding predefined thresholds in terms of involvement in controversial activities. The assessment is essentially carried out by analysing the issuers' revenues. Detailed criteria and possible tolerance thresholds are set out in Appendix A to this policy;
2. Standards-based screening. A screening process that results in the exclusion from the investment universe of issuers that do not meet certain international sustainability standards (e.g. UN Global Compact). Further information can be found in Appendix A to this policy;
3. Litigation Screening. The screening process leads to the exclusion from the investment universe of all those issuers that are involved in very serious litigation arising from the impact of the issuer's operations, products or services that are in breach of laws, regulations or commonly accepted global standards. The litigation assessment process is carried out by monitoring the news flow provided by the providers listed in Appendix B.

In a second step, a further screening is applied to the investable universe in order to integrate the sustainability factors into the investment process, selecting - as potentially eligible - those issuers that adequately manage the risks and opportunities related to the Sustainability Factors in their activities. This positive screening process implies that the portfolio is constructed by investing in those issuers that meet a minimum sustainability rating requirement, thus avoiding investments in companies that do not adequately address sustainability issues. The ESG ratings used are those calculated by one or more of the leading non-financial research providers. In the event that more than one provider is used for the provision of ratings, an equivalence table is established. The list of providers used for the verification of ESG ratings is provided in Appendix B to this policy. Based on the ratings made available by the providers, the Manager classifies issuers into sustainability risk bands (Low, Medium, High). In particular, the ESG integration used to promote environmental, social and governance issues is carried out by ensuring certain percentages of allocation between individual bands. This is without prejudice to the right to envisage for each product a certain tolerance threshold below which instruments of issuers that are not part of the investable universe (e.g., due to lack of rating) may be included.

In the third phase, once the negative and positive screenings have been completed, each Investment Area conducts a financial analysis of the selected issuers. To this end, various sources – both internal and external - are taken into account.

A detailed explanation of how the different phases are articulated can be found in the investment policies of each product, to which reference is made.

ii. Other Products

Although these products do not have investment policies that explicitly promote sustainability-related factors, the Manager - through the Investment Areas - may consider sustainability risks in the relevant investment decision-making process.

With particular reference to open-ended funds and portfolio management service, the Investment Area has the same tools at its disposal as those used for products classified as Article 8 and, depending on the product, may use one or more of the screening processes used for such products and take them into account for investment decisions without being under any obligation to do so, except as may be provided for in the marketing documents of each product.

On the other hand, with reference to closed-end funds, considering that these are generally unlisted instruments for which no data are available from external providers, the sustainability analysis carried out, if any, can only be made prior to the investment by means of ad hoc analyses carried out internally with the support of the control functions and/or with the support of external consultants and/or with the support of possible advisors and monitored during the entire duration by the delegated manager who carries out the transaction and, in the case of direct investments, by the relevant Investment Area. In order to ensure the integration of sustainability factors, the regulations of these funds (and/or the agreements with the delegated managers) may provide for a series of exclusions aimed at mitigating sustainability risks.

Lastly, there are exceptions for certain funds whose nature, characteristics, target investments or management model do not allow the inclusion of sustainability factors in the investment process (see section 4 above for details).

iii. Investment advice provided by the Investment Area responsible for liquid products

The Investment Area responsible for liquid products, when providing the investment advisory service, has the same tools at its disposal as are used for products classified as Article 8 and, depending on the product for which the advice is provided, the Investment Area may use one or more of the screening processes used for such products and take them into account for the purposes of the investment advice provided in accordance with the investment policies of the products for which the service is provided and in accordance with the agreements with each counterparty.
In addition, if the products are represented by funds, the management team makes use of the information on a database provided by a third-party provider selected by the Manager. Subsequently, the solidity of the ESG approach is further verified by analysing the pre-contractual documentation related to such funds.
The outcome of the sustainability evaluations carried out by the Manager regarding the recommended financial instruments is made known to the client, according to agreed form and manner, in the context of the recommendations issued from time to time.

6. PRINCIPLE ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

With regard to the products managed directly by the Manager, which promote sustainability characteristics (pursuant to Art. 8 SFDR), the Manager considers the main adverse sustainability effects that the investment activity may entail (so-called Principal Adverse Impacts – "PAI") .
To this end, the Manager monitors and measures the PAI, applying a standardised metric based on specific indicators provided for by the applicable regulations (so-called Key Performance Indicators – "KPIs"). In carrying out this activity, the Manager is supported by the info-providers listed in Appendix B.

The applicable regulations identify 18 PAIs whose consideration is mandatory, as well as other PAIs whose consideration is optional. Although the Manager has taken steps to monitor and calculate all mandatory PAIs, it is currently only able to consider some of them, choosing them for each fund according to the following variables:

- consistency with the fund's investment policy;
- consistency with the sustainability characteristics that the fund intends to promote;
- availability of data on a specific KPI;
- relevance of PAIs with respect to the nature of the activity carried out by the investee companies;

- size and volume of business of the investee companies where these are disproportionate in relation to the measurement of KPIs designed for more structured companies.

In particular, on the basis of the criteria described above, the Manager considers the following PAIs:

A. <u>PAIs related to environmental issues measured on the basis of the following KPIs:</u>
   - GHG intensity of companies receiving investments

B. <u>PAIs related to social issues measured on the basis of the following KPIs:</u>
   - violations of the principles of the UN Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
   - exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons

By monitoring and measuring these indicators, the Manager is able to assess for each potential investment how it impacts the PAI. The Manager takes these indicators into account in order to address investment choices. The precise definition of the modalities through which indicators are taken into account in investment choices is deferred to the offer documentation of each product and varies year by year in light of the availability of the relevant information and in consideration of the sensitivity of the portfolios to the monitored PAIs.
As far as products and/or services that do not have the characteristics set forth in art. 8 SFDR are concerned, the Manager, as of the date of adoption of this Policy, does not take into consideration the negative effects of investment decisions on sustainability factors, even though it considers as an added value the monitoring of such effects also with reference to products that do not promote sustainability factors. However, the Manager believes that, in consideration of the size, nature and breadth of its business, the implementation of a system to measure the negative effects on sustainability for such products would be, at the moment, excessively burdensome.
The Manager does not consider the main negative effects on sustainability factors in its investment advice.

7. ALIGNMENT TO THE TAXONOMY REGULATION

In relation to eco-sustainable investments which are aligned with the Taxonomy Regulation (and its implementing provisions) pursuant to Article 2 (17) of the SFDR, the Manager does not currently commit for any of the managed products to invest a minimum percentage in instruments of issuers with the aforementioned eco-sustainable characteristics and, therefore, none of the current managed products can be qualified as environmental sustainable products within the meaning of Article 3 of the Taxonomy Regulation. As such, the Manager does not currently provide the relevant information set out in Article 9 of the Taxonomy Regulation.

8. DISCLOSURE AND SUITABILITY ASSESSMENT

Within the framework of the investment advisory service provided by the Manager's sales department, 8a+, in compliance with the SFDR, informs its clients in the pre-contractual phase on how it integrates sustainability risks into its processes.
When the advisory contract is signed or renewed, or when the suitability assessment is reviewed, the Manager will collect, by means of a special questionnaire, any client preferences on environmental, social and governance factors.
In the light of any preferences expressed by the client, the Manager selects the products to be recommended.

9. UPDATE

The contents of this Policy may be subject to updating in order to reflect new law or regulations in the area of sustainability risk integration and the consideration of adverse sustainability effects, as well as whenever such updating is appropriate.

10. PUBLICATION AND INFORMATION

This Policy is part of the Manager's internal regulatory system and is made available on the Manager's website at https://www.ottoapiu.it/documentazione/.

The Manager will also provide all disclosures required by the *pro-tempore* regulations in force regarding sustainability.

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ANNEX A

EXCLUSION CRITERIA

	Category	Criteria	Applicability to corporate issuers	Applicability to State issuers
1	Controversial weapons or weapons banned by international laws	Exclusion	Applicable	NA
2	Adult Entertainment	Partial Exclusion	Admissible on the condition that the revenue related to this activity < 10% of the total revenue	NA
3	Gambling	Partial Exclusion	Admissible on the condition that the revenue related to this activity < 10% of the total revenue	NA
4	Tobacco	Partial Exclusion	Admissible on the condition that the revenue related to this activity < 10% of the total revenue	NA
5	UNGC	Exclusion	Exclusion of issuers failing to comply with the UNGC	NA
6	Authoritarian and corrupt regimes, violation UN universal declaration of human rights and failure of respect for human rights.	Exclusion	NA	Applicable

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ANNEX B

PROVIDERS AND RATING BANDS

PROVIDERS:

- MSCI (https://www.msci.com/)
- Nummus-info (https://www.nummus.info/)

RATING BANDS:

- Band 1: securities with MSCI ESG rating AAA to AA, also referred to as “Leader”, “Low Risk”, “Low”.
- Band 2: securities with MSCI ESG rating A to BB, also referred to as “Average”, “Medium Risk”, “Medium”
- Band 3: securities with MSCI ESG rating B to CCC (or no rating), also referred to as “Laggard”, “High Risk”, “High”