



ESG Investment Policy of illimity SGR





The scope of illimity SGR's ESG Policy is to provide the strategic guidelines for the integration of the sustainability risk analysis into the investment decisions taken by illimity SGR S.p.A. (hereinafter "**illimity SGR**" or the "**Company**") within the management of Alternative Investment Funds (hereinafter "**AIFs**" or "**Funds**").

The ESG Policy is applicable to all the AIFs set up and/or managed by the SGR in accordance with the selection criteria governed herein, as well as with regard to the distinctive features of each Fund, in accordance with the relative offering and/or contractual documentation.

Also in line with the policies of its parent illimity Bank, the Company aims to factor the environmental, social and governance matters into the investment decisions concerning its own Funds with the objective, on one side, of generating sustainable value over time, additionally taking into account the economic, social and environmental impact, either positive or negative, that each individual company can generate in its local area, and on the other side of satisfying the investors' expectation, mitigating any financial, operating and reputational risks.

The legislative framework for this ESG Policy consists in particular of the following:

- *Regulation (EU) 2019/2088 (the "Sustainable Finance Disclosure Regulation" or "SFDR"), which sets up the ESG (Environmental, Social and Governance) disclosure requirements for financial market participants and financial advisors to promote their commitment to environmental, social and governance matters;*
- *Regulation (EU) 2020/852 (the "European Taxonomy"), which sets out the criteria for determining if and to what extent an economic activity qualifies as environmentally and socially sustainable and responsible.*

In addition, the SGR is inspired by and takes into account the matters set out in the UN Principles for Responsible Investment (the UN PRI) established by the United Nations in 2006 with the aim of developing a more sustainable global financial system.



Consistently with the nature and mission of the Company and the Funds it manages, as part of the assessment of investment opportunities, a peculiar attention is given on the one hand to ESG sustainability risks, where “sustainability risk” 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, as defined in the SFDR Regulation, and on the other to ESG factors, meaning by this the selection criteria of the investment opportunities, which through specific and documented strategies foster environmental, technological and digital transition and social inclusion.

illimity SGR intends to control and assess the main issues connected with sustainability by taking into consideration either financial and non-financial information and data, the latter including mainly the following items:

- **Environmental**: an analysis of the “E” factor enables company performance to be measured on the basis of criteria concerning environmental policy, climate-changing gas emissions, biodiversity, water and waste management, the impact of products/services, type of energy used, level of pollution generated, exposure to physical climate and transition risks (i.e. legal, technological, regulatory, market and behavioural);
- **Social**: the “S” factor covers human rights, workers’ rights, the impact on local communities, product safety, relations with customers and suppliers, supply-chain sustainability;
- **Governance**: the “G” factor provides an assessment of the principles and processes that guide an organisation in carrying out its activity, through an analysis of its governance systems, the integration of ESG variables into the company strategy, the composition of corporate bodies and their ways of working, key-person risk, measures to prevent corruption, anti-money laundering and anti-competitive practices, the risk of fraud and the level of fiscal transparency, risk-control functions including cyber-risk, the transparency and quality of information disclosure made to the company’s stakeholders.



illimity SGR performs an ex ante assessment and continuously monitors the main ESG issues of the companies booked on its portfolios and the relative reputational risks by verifying the adoption of laws and directives, regulations, quality standards, codes of conduct and organisation, management and control models pursuant to Legislative Decree 231/01, and/or any relevant international guidelines that promote sustainable business models. To achieve this objective and depending on the circumstances and the features of each fund under management, illimity SGR will analyse the ESG positioning of the invested companies, also with the support of ESG advisors and/or ESG data providers.

illimity SGR collaborates actively and transparently with its stakeholders for the purpose of improving efficacy in the responsible application of its investment principles, committing to inform them on any progress made in factoring the ESG issues into the investment process as well as on the best interpretation and application of the upcoming taxonomy directives for each asset class.

The ESG Policy is updated when necessary, and in any case at least every three years, under the responsibility of the Sustainability Manager in conjunction with the Compliance & AML Department and the Risk Management Function, the latter for ensuring consistency with the illimity Group's Risk Appetite Framework.