



**FIDEURAM
ASSET MANAGEMENT IRELAND**

SUSTAINABLE AND RESPONSIBLE INVESTMENT POLICY

**Fideuram Asset Management Ireland
ESG (Environmental, Social and Governance) and SRI (Socially Responsible Investment)
Investment Principles**

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1. INTRODUCTION

The aim of this policy is to outline the approach of Fideuram Asset Management (Ireland) dac (hereinafter FAMI or the “Company”) towards sustainable and responsible investments by specifying the scope of its application both in operational terms (product range, issuers, operations, etc.) and in relation to efforts and actions undertaken by FAMI in order to spread a corporate culture based on the respect and implementation of the key principles of sustainable investments.

This policy involves all employees and it is applied to the activities and to the investment processes of the Company.

2. COMPANY DESCRIPTION

Fideuram Asset Management (Ireland) dac is an Irish Asset Management Company authorized by the Central Bank of Ireland. The main object of the Company is to carry on the business as investment manager, investment adviser and fund manager and to provide ancillary services as set out in the Program of Operations of the Company.

The Company provides collective portfolio management services to five Luxembourg UCITS Funds of which 3 FCPs (i.e. Fideuram Fund, Fonditalia and Willerfunds) and 2 SICAV (i.e. Interfund and Ailis). The Company also provides discretionary investment management services to UCITS funds located in Italy and individual portfolio management services to two institutional clients both of which are Group Companies: an Italian pension fund manager, Fideuram Vita and an Irish insurance company, Intesa Sanpaolo Life.

The products managed by FAMI are distributed through distribution networks of the Intesa Sanpaolo Group.

FAMI carries out its activities in compliance with the Guidelines and Rules of the Intesa Sanpaolo Group, set out in the Group Regulations and in the set of Governance Documents of the Group itself.

3. PRINCIPLES

FAMI considers the integration of Environmental, Social and Governance factors (ESG) in its own investment process as crucial, believing that these elements besides facilitating sustainable economic and social development, can positively contribute to the financial results of clients, while reducing their risks. FAMI considers that issuers committed to the ESG criteria integration within their own strategy can generate sustainable returns over time and consequently create a sound prospect of value creation for all the stakeholders. Furthermore, the alignment with ESG criteria allows a more efficient management of risks, including those environmental, social and reputational which negatively impact the assessment of issuers. FAMI believes that identifying and managing these risks is part of the fiduciary duty to protect the value created over time.

A sustainable and responsible investment is an integral part of the corporate culture and it is aimed at reaching the following main goals:

- Promote sustainable finance by directing investments towards economic subjects which have virtuous behaviors in respect to people (i.e. employees, providers, clients), environment (i.e. reduction of the greenhouse gas and pollution, waste management) and sound corporate governance (i.e. composition of the Board of Directors, long-term transparent remuneration policy) by pursuing the achievement of financial performances in line with client's expectations;
- Foster sustainable development¹ and rational use of all production factors, including natural resources and human capital with the aim of ensuring that the present generation fulfills its needs not compromising the ability of future generations to fulfill theirs.

The FAMI investment process integrates the ESG and SRI principles expressed in this policy. In particular, the commitment consists in the evaluation of the issuers on the basis of risks and opportunities associated with the following macro-areas:



E – Environmental

Evaluation of the issuer on the basis of its behavior with regards to environmental sustainability topics. Factors such as the ability to be positioned virtuously on reduction of greenhouse gas emissions, to limit the use of non-renewable energy and in consequence to enhance the use of renewable energy, to effectively manage water consumption and production of waste and to actively participate in initiatives aimed at reducing the impact of the climate change.



S – Social

Evaluation of the issuer on the basis of the Social criteria. Some fundamental dimensions are analyzed, such as, for example: the corporate behavior with respect to its human capital, clients, providers, local communities and with respect to human rights in general.



G – Governance

Guarantee that the Corporate Governance is based on rules of conduct in line with the international best practices and rules of conduct inspired by the respect of the stakeholder's interests also through a coherent and long-term remuneration policy.

¹ Brundtland, G. (1987). Report of the World Commission on Environment and Development: Our Common Future. United Nations General Assembly Document A/42/427.

4. RESOURCES AND CORPORATE CONTROLS

In order to further strengthen its focus on sustainability, FAMI, in collaboration with Fideuram Asset Management SGR S.p.A. - ESG & Strategic Activism corporate function, will setup an ESG/SRI Committee with the aim of:

- Identify sectors and companies to be excluded from the investment perimeter according to the SRI criteria;
- Guarantee the Engagement and Stewardship activities towards the relevant issuers and participate to the collective engagement activities;
- Promote knowledge of the investment sustainable principles (ESG – SRI) guaranteeing their integration in the corporate core processes and ensuring the coordination with the competent structures of the Company and of the Group;
- Provide for the review of the Sustainable and Responsible Investment Policy annually and in case evidences arise which make it necessary;
- Propose actions to the Management aimed at guaranteeing innovation of methodologies and processes adopted.

4.1 RISK MANAGEMENT AND COMPLIANCE

The respect of principles of sustainability is monitored by Risk Management and Compliance functions.

Fideuram Asset Management (Ireland) dac Risk Management is responsible for ensuring the compliance of all UCITS and individual portfolios management mandates with the investment limits as proposed by the ESG/SRI Committee and approved by the Board of Directors. In line with the operating model in place, the execution of the related daily ex-ante compliance controls is delegated to Fideuram Asset Management SGR S.p.A. Operational Risk Management Desk² when the investment management responsibility is retained by the Company, and to the delegated investment managers otherwise.

Compliance is responsible for ensuring the monitoring of the non-compliance risk, by guaranteeing, in particular, the compliance of Products and Corporate processes to the current regulations and providing the necessary support to the internal structures.

² The service is provided as per the "service contract" between FAMI and Fideuram Asset Management SGR S.p.A.

5. APPROACH TO SUSTAINABLE AND RESPONSIBLE INVESTMENTS

In addition to the traditional financial evaluation of investments, the Company combines the ESG metrics in order to take well informed investments decisions. The approach implemented by FAMI to pursue the set goals includes the adoption of sustainable strategies. These strategies can be integrated into different steps of the investment process and they are flexible to different financial instruments as well as management styles, such as the “Best in Class” strategy, which identifies “virtuous” issuers based on the ESG parameters.

The ESG/SRI Committee monitors corporate disputes concerning issuers affected by particularly serious issues; the aforementioned issuers are those identified by the main international ESG rating Agencies and they are included in a specific list defined by FAMI ESG/SRI Committee and approved by the Board of Directors.

The issuers operating in non-socially responsible sectors are currently those involved in the production, maintenance, commercialization and storage of weapons of mass destruction (WMD), that is nuclear, biological, chemical and radiological weapons (NBCR)³, including those overly harmful and indiscriminate identified by the United Nations Convention on Certain conventional Weapons (CCW)⁴.

FAMI applies the exclusion criteria to all the products managed by the Company with the exception of those managed with the explicit aim of passively replicating a benchmark (if and when any of this product category is included in the scope of sub funds managed by FAMI) and any product with respect to which – due to the product features – FAMI is unable to have the visibility of the underlying assets (i.e. funds of funds).

For all products actively managed the exclusion criteria are applied with the following approach:

- for products that have a benchmark, the maximum exposure allowed to issuers part of the exclusion lists is equal to that of the issuer's security weight in the benchmark;
- for products that do not have a benchmark, investments in the issuers part of the exclusion lists are not permitted.

Furthermore, with reference to products managed by third parties, a due diligence process has been defined aimed at evaluating their compliance to FAMI ESG Policy. In particular, in the evaluation phase of third-party Portfolio Managers, the selection process includes the verification of the existence of a responsible investment policy (at Company level) and the assessment of the sustainable investment process of the products offered (at product level). After the evaluation of the third party Investment Manager ESG Policy, FAMI can decide to give specific instructions with regard to, inter alia, securities, issuers, sectors or to request the application of FAMI exclusion criteria.

The FAMI approach to sustainable and responsible investment is inspired by the principles included in documents among which: UN Global Compact Principles (UNGC), UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for

³ United Nations Security Council, 2004, Resolution 1540 Non-proliferation of weapons of mass destruction

⁴ United Nations, 1980, Convention on Certain Conventional Weapons

multinational enterprises, International Labour Organization Conventions⁵, United Nations Convention Against Corruption (UNCAC).

5.1 ESG/SRI COMMITTEE

The ESG/SRI Committee is an advisory body that supports FAMI Management in defining the proposals to be presented to the Board of Directors related to sustainable and responsible investment subjects aimed at ensuring the innovation of methodologies and processes adopted, the monitoring of the FAMI ESG approach in all products and services offered to Clients and the spread and enhancement of ESG competences.

The Committee shall meet every 4 months. In case specific needs arise and in all cases where it is deemed appropriate, additional meetings can be scheduled - on an extraordinary basis.

In particular, within the framework of monitoring ESG and SRI subjects, the Committee defines, lists of "critical issuers with high exposure to ESG risks" "and of "issuers operating in sectors deemed not socially responsible" and evaluates potentially critical situations for issuers involved in particularly serious disputes.

The composition of the Committee and its regulations are included in the FAMI Committee Regulations document as updated from time to time.

6. PUBLICATION AND TRANSPARENCY OF INFORMATION

FAMI discloses in its Website all the information related to the ESG strategies adopted and to the exclusion procedures for the issuers which do not meet the established SRI/ESG criteria.

7. CORPORATE CULTURE

With the aim of creating a solid knowledge base and a common know-how to the entire company with regards to sustainable and responsible investment, FAMI, together with the competent structures of the Controlling Company and the ultimate Parent Company, periodically organizes training sessions, both on-site and in e-learning, focusing on the concepts, terminology and existing regulations.

8. ACTIVE COMMITMENT

Through active commitment, FAMI intends to contribute to the promotion of a sustainable culture among issuers and support the integration of the ESG metrics and goals in the set of corporate strategies.

With a medium/long-term value creation perspective, FAMI believes that the activities included in the Stewardship represent essential steps in order to fulfill its obligations towards its clients. Among the goals of the FAMI Stewardship policy there is that of outlining a set of best practices that can encourage the experiences, procedures and most significant actions in terms of sustainability and that can be able to offer the best results.

⁵ The fundamental Convention and Recommendations ILO concerning topics considered fundamental principles and rights on labour: freedom of association and protection of the right to organize; right to organize and collective bargaining; abolition of forced labor; abolition of child labour; and abolition of discrimination (employment and occupation)

The Engagement activities are an integral part of the FAMI investment process. Among these, a great attention is given to the exercise of administrative and voting rights, in particular to the remuneration policy approved by the shareholder's meetings and to all the other initiatives related to the commitment policy with regards to the listed issuers.

FAMI participates in collective engagement initiatives whose main goals are the spread, adoption and strengthening of sustainability principles among the issuers, acting sometimes as promoter of the initiative.

9. UN PRI ADOPTION

The United Nations Principles for Responsible Investment (UN PRI), promoted by a group on institutional investors in cooperation with United Nation Environment Programme Finance Initiative (UNEP FI) and Global Compact of United Nations, represents an initiative born in 2006 and aimed at promoting the sustainable investment topic in the world. This initiative is based on the 6 key principles of responsible investment, by definition voluntary and aspirational, and offers a range of possible actions aimed at considering ESG subjects.

Adopting PRI, FAMI discloses its approach towards sustainable and responsible investments and undertakes to fulfill the 6 PRI key principles listed below:

- Include environmental, social and governance parameters (ESG) into financial analysis and in the decisional processes related to investments;
- Promote the acceptance and implementation of the Principles in the financial industry;
- Be active shareholders and incorporate ESG parameters in the shareholder policies and practices;
- Cooperate in order to improve the application of the Principles;
- Request the reporting on ESG parameters by the Companies subject to investment;
- Periodically report the activities and progress made in the application of the Principles.

10. STEWARDSHIP PRINCIPLES

The European Fund and Asset Management Association (EFAMA) has issued a "Stewardship code" aimed at providing a series of best practices for asset managers to be followed when they engage with the companies in which they invest on behalf of its clients.

The Principles are designed to enhance the quality of dialogue with companies and help asset managers create value for their clients by dealing effectively with concerns over a company's performance and they engagement in relation to an investee company on matters such as:

- Business strategy and its execution;
- Risk management;
- Environmental and social concerns;
- Corporate governance issues such as board composition and the election of independent directors, together with executive remuneration;

- Compliance, culture and ethics;
- Performance and capital structure.

FAMI fully supports the principles of the EFAMA Stewardship Code.

The EFAMA Stewardship Principles are the following:

- Asset managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities. Where asset managers decide not to develop an engagement policy, they should give a clear and reasoned explanation as to why this is the case;
- Asset managers should monitor their investee companies, in accordance with their engagement policy;
- Asset managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients' investments;
- Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert;
- Asset managers should exercise their voting rights in a considered way;
- Asset managers should disclose the implementation and results of their stewardship and voting activities.