

## Sustainability disclosure

### Fondo Basket Equé

#### Disclosure pursuant to art. 10 EU Reg. 2019/2088

#### Summary

The reserved closed-end Italian Alternative Investment Fund named "Basket Equé Fund" (the "Fund") of Fondo Italiano d'Investimento SGR S.p.A. ("the SGR") promotes environmental and social characteristics in accordance with Article 8 of the EU Regulation 2019/2088 (or "SFDR Regulation") but does not target sustainable investments. The Fund prefers co-investments in companies based in the Campania region or with development programs in the region that follow good governance practices and respect human capital. The environmental and social features promoted by the Fund are as follows:

- Environmental features: increasing energy supply from renewable sources.
- Social features: (i) combating active and passive corruption; (ii) labor protection.

The promotion of the Fund's environmental and social characteristics is done through the implementation of the [Responsible Finance Policy](#) of Fondo Italiano d'Investimento, declined according to the specific strategy of this investment product. Specifically, the strategy followed by the Fund includes criteria for assessing ESG factors throughout the investment life cycle, declined in the selection, management and divestment phases, applied directly or through lead investors, as described in the following sections.

For the purpose of monitoring, the Fund directly requests from portfolio companies, through specific tools and on a regular and periodic basis, the data necessary to assess performance related to sustainability indicators: these data are subjected to analysis and processing, including through the support of specialized third parties, in order to assess the need for in-depth studies with individual companies. To this end, the Fund undertakes to verify that all portfolio companies are able to provide the necessary data according to the required timelines. Any serious deficiencies found in the investment process that may undermine the promotion of these features will result in the definition of actions agreed upon with the lead investor and management of the companies in order to align their business models with the promotion of the environmental and social features promoted by the financial product.

#### No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

#### Environmental or social characteristics of the financial product

The promotion of environmental and social characteristics that characterize this financial product is measured by the following indicators:

- For environmental characteristics:
  - increase in energy supply from renewable sources: percentage of energy supply from renewable sources to total electricity consumed;

- for social characteristics:
  - fight against active and passive corruption: (i) adoption of Model 231; (ii) presence of policies fighting active and passive corruption; (iii) number of convictions and amount of fines imposed for violations of laws against active and passive corruption.
  - Labor protection: (i) presence of policies to prevent labor accidents; (ii) rate of accidents.

In addition, the Fund ensures that portfolio companies have adopted or are committed to adopting good governance safeguards.

### Investment strategy

The Fund makes private equity and quasi-equity co-investments in companies based in the Campania Region or with development programs in the region. Specifically, the Fund invests in firms with fewer than 250 employees, turnover of no more than €50 million, or fewer than €43 million in assets, typically characterized by capital strength, good current and prospective profitability, and ambitious development plans. Businesses targeted for investment can operate in any sector, with the exception of SMEs operating in the primary, fisheries and aquaculture sectors and in sectors covered by Regulation (EU) No. 964/2014. The promotion of the Fund's environmental and social characteristics takes place through the implementation of the responsible investment strategy defined by Fondo Italiano d'Investimento and presented within the SGR's Responsible Finance Policy. Specifically, the investment strategy followed by the Fund consists of the following phases:

1. **Exclusion:** upstream of investment selection, there is provision for the exclusion from the investable universe of activities and/or companies involved in sectors deemed ethically controversial. The full list of exclusion criteria can be found in the SGR's [Responsible Finance Policy](#).
2. **Preliminary assessment:** once the exclusion criteria have been verified, the Investment Team begins the preliminary investment assessment activity, which, in parallel with the financial criteria, also includes the analysis of ESG aspects. The Investment Teams identify the areas of investigation for the due diligence activity carried out by the lead investor, which in parallel with the financial criteria, also includes the analysis of ESG aspects. This due diligence is useful to verify that there are no critical environmental, social, and governance issues and there are requirements consistent with the environmental and social characteristics promoted. The Fund ensures that the due diligence conducted by the lead investor is performed in alignment with the SGR's proprietary due diligence framework. Where deviations from the requirements of the SGR framework emerge, the Fund will implement actions to mitigate the misalignments.
3. **Holding management period:** in line with the lead investor, the fund promotes short-to-medium term actions to improve the ESG performance of the company in order to promote the identified environmental and social characteristics. During the holding period, the fund monitors, on a regular basis and in a structured manner, the ESG performance of the investee companies through a dashboard of KPIs that include the sustainability indicators mentioned at the beginning of the document to monitor the level of promotion of the promoted environmental and social characteristics.
4. **Engagement and stewardship activities:** the Fund engages in engagement and stewardship activities with investee companies in order to promote and monitor the proper integration of ESG criteria during the investment management period, or verifies that such a commitment is made by the lead investor.
5. **Divestment:** during divestment, the Fund ensures that a summary of the company's ESG performance in terms of promoting promoted environmental and social characteristics is included within the exit documentation.

The good governance practices of investment beneficiary companies are assessed during the pre-investment phase and the management phase in order to evaluate the soundness of management structures, staff relations, staff compensation, and compliance with tax obligations. Specifically, the practices mentioned are assessed during due diligence, prior to the investment, and thereafter on an ongoing basis through monitoring of the beneficiary itself.

### **Proportion of investments**

With the exception of the portion of the Fund's assets that the Management Company may hold in cash for treasury needs, which is considered marginal, the Fund conducts investment transactions carried out exclusively to build a portfolio that contributes to the promotion of the promoted characteristics.

### **Monitoring of environmental and social characteristics**

Compliance with the social characteristics promoted by this financial product is measured through sustainability indicators defined according to the specific characteristics of each company being invested in. Specifically, the following sustainability indicators are mainly expected to be used for this Fund:

- **For environmental characteristics:**
  - Increased energy supply from renewable sources: percentage of energy supply from renewable sources to total electricity consumed.
- **For social characteristics:**
  - Combating active and passive corruption: (i) adoption of Model 231; (ii) presence of policies to combat active and passive corruption; (iii) number of convictions and amount of fines imposed for violations of laws against active and passive corruption.
  - Labor protection: (i) presence of policies to prevent labor accidents; (ii) rate of accidents.

The Fund monitors on a regular and periodic basis the level of promotion of the promoted characteristics through sustainability indicators, collected within a dashboard of indicators. Any serious deficiencies found in the investment process that may undermine the promotion of the identified environmental and social characteristics result in the definition, in agreement with the lead investor, of specific actions that are agreed upon with the companies' management in order to align their business models with the characteristics promoted by the financial product.

### **Methodologies**

The environmental and social characteristics monitoring process adopted is based on methodologies consistent with the Responsible Finance Policy adopted by the SGR for integrating environmental, social and governance aspects into its investment activities. In particular, the Fund periodically requests from its portfolio companies the data needed to calculate the sustainability indicators used to monitor the environmental and social characteristics promoted.

### **Data sourcing and processing**

Monitoring of the social characteristics promoted by the Fund and related indicators is based on data collected directly from the portfolio companies on a regular and periodic basis. Once received, this data is analyzed by the investment team and, possibly also with the support of specialized third parties, verified in order to assess the need for in-depth investigations with portfolio companies regarding the information provided, particularly in case of omissions or if inconsistencies are identified. For the purpose of sustainability indicator calculations, the guidance contained within EU Regulation 2022/1288 is considered. The SGR undertakes to use only data for the reporting period collected in a timely manner by the investees in its portfolio, reserving

the possibility of using estimated data as a last resort if, due to force majeure, such data should not be available, as, for example, in the case of investments made close to the reporting period in companies that have not had sufficient time to implement adequate safeguards for monitoring the required data. In this case, assumptions, estimates, and possible exclusions from the reporting boundary that led to the calculation of the sustainability indicator within the Fund's periodic reporting will be listed.

### **Limitations to the methodologies and data**

There are no general limitations on the methodology and data sources used. However, there may be contextual limitations at the time of investment due to the lack of adequate safeguards in the investee companies to monitor ESG performance or specific indicators related to environmental and social aspects, in which case, the Fund undertakes to require the lead investor to ensure that adequate safeguards are implemented by the investee companies in order to implement and ensure proper monitoring of sustainability indicators related to the environmental and social characteristics promoted.

### **Due diligence**

The Fund's investment process stipulates that, during the investment selection phase, once the investable universe has been defined through the exclusion from the investable universe of activities and/or companies involved in sectors deemed controversial from an ethical point of view, the areas of investigation are identified for the due diligence activity carried out by the lead investor, which in parallel with the financial criteria, also includes the analysis of ESG aspects. This due diligence is useful to verify that there are no critical issues from an environmental, social, and governance perspective and there are requirements consistent with the environmental and social characteristics promoted. The Fund ensures that the due diligence conducted by the lead investor is performed in alignment with the SGR's proprietary due diligence framework, which allows for in-depth consideration of both ESG aspects that cut across all investment targets, as well as material ESG aspects in consideration of the characteristics promoted by the Fund's strategy and the sector in which the target under assessment operates. Where deviations from the requirements of the SGR framework emerge, the Fund will implement actions to mitigate the misalignments.

### **Engagement policies**

The Fund anticipates that if significant ESG risks are found related to portfolio investments, engagement activities may be initiated with the investees by establishing direct dialogue with the companies or indirectly through the lead investor in order to promote and monitor the proper integration of ESG criteria during the investment management period.