



FONDO ITALIANO D'INVESTIMENTO

Fondo Italiano d'Investimento SGR
Responsible Finance Policy

Introduction

The Policy represents the formal commitment of Fondo Italiano d'Investimento SGR (hereafter “the Management Company”) to apply responsible finance principles to its business activity and to describe the criteria adopted to take actions towards this commitment and to create long-term financial return also by assessing [environmental](#), [social](#) and [governance](#) (ESG) aspects in investment targets.

The Management Company, through its funds, aims to combine the maximization of investment returns with the development of the national production system competitiveness, willing to represent a new paradigm in the financial landscape and a major source of renewal for the Italian industry.

People inside the organization work to the end of [creating long-term added value](#) shared with companies, investors and other stakeholders, establishing solid relationships of trust, based on the recognition of our principles of responsible finance.

Objectives of the Responsible Finance Policy

Through its Responsible Finance Policy, the Management Company, by means of both its directly and indirectly managed funds, aims to:

- Communicate to all stakeholders, i.e. employees, companies, investors and institutions, its vision of finance being responsible for the management of direct impacts (i.e. those that put the Company itself in the foreground, its consumption, its rules and internal procedures, originating from the Company's operations) and indirect impacts (i.e. those generated by subjects, companies and funds, with whom the Company comes into contact in various ways).
- Define the principles that allow the Management Company to include ESG considerations in the management of its activities, always taking into account the deal's peculiarities.
- Contribute proactively to the impact that the Management Company, the portfolio companies and the managed funds have on society, while aiming to maximize financial returns and respecting both the rights and expectations of investors.
- Subscribe and follow the national and international principles and guidelines for responsible finance.

The Management Company is intended to follow a path of positive contribution to the United Nations' [Sustainable Development Goals](#) (UN SDGs) by undertaking concrete actions toward the achievement of those common goals in the scope of both the internal operational processes and the investment activities. Relating to the latter, the Management Company has made a formal commitment by signing the United Nations' [Principles for Responsible Investment](#) (UN PRI), a set of principles to provide guidance to worldwide institutional investors for the integration of environmental, social and governance aspects in the traditional investment activities and process.

With the objective of engaging in a proper communication with the different stakeholder groups and ensuring transparency, the Management Company publicly discloses on a regular basis the results achieved through the internal and the portfolio's ESG performances (i.e. Sustainability Report).

Application, roles and responsibilities

The Management Company commits to share this Policy on the website (www.fondoitaliano.it) and on reports to ensure that all the employees within the organization and the third parties involved observe and correctly apply the principles contained. The Management Company also provides employee training sessions, especially for those functions that are mainly involved, on sustainability and Responsible Investment themes. Furthermore, the Management Company adopts, within the framework of its

remuneration policies, an incentive system consistent with the present Policy in order to reinforce the commitment undertaken to integrate ESG criteria in the investment processes and to promote an effective management of the relevant risks.

The Policy will be reviewed annually: any update submitted by the Commercial, Investor Relations & ESG Direction is subject to the evaluation of the Board of Directors, which has responsibilities for the approval of the Policy and for the oversight on the respect of the principle expressed herein. Content and updates are shared on FII SGR's website.

Values that drive our governance

The achievement of the highest standards of corporate governance, in line with international best practices, is a founding element of the Management Company's responsible finance policy

The Management Company's corporate governance structure represents a solid guarantee of **independence** in the decision-making process. The composition of the Investment Committees and of all the corporate bodies ensures, indeed, a preventive dialogue and the application of balanced decision-making mechanisms, aimed at achieving the set objectives in the best possible way.

In particular, all managers and members of the Company's governing bodies are required to be inspired by the principles of the **Code of Ethics** when defining their purposes and carrying out their duties, as well as in any decision that may have an impact on the management of the company or the fund in which they invest, as well as on the profit of shareholders, on employees and on the community in which they operate.

The Company's internal control system also represents a solid safeguard for the fight against those forms of material and moral corruption that could undermine the **integrity** of the principles underlying the Code of Ethics and put the soundness of the Management Company at risk.

Commitment to Employees

The Management Company is committed to protecting and developing its human capital and to managing it with respect for diversity and according to the principles of equal opportunities, enhancement of skills and recognition of merit

The Management Company's employees are expected to have a clear **career path** at all levels and functions, based on their supposed ability to develop technical and leadership skills, in line with the professional advancement of each individual and in consistently with the principles of diversity and equal opportunities. In order to achieve this objective in the best possible way, training programs are defined and formulated according to the needs of the individual functions.

In particular, the Management Company provides **training programs** for the various categories of employees, aimed at examining central issues in the context of ordinary operations. In addition, participation in external specialized courses is encouraged, as well as the planning of internal trainings that help to efficiently integrate the different functions within the Company.

The Management Company believes that **human capital** is key not only in implementing corporate strategies, but also plays a fundamental role in applying the ethical values adopted through this Policy. For this reason,

the goal is to make employees aware of the values of responsible finance by organizing, if necessary, training sessions dedicated to learning the tools for integrating ESG criteria into their areas of work.

Commitment to the environment

The Management Company is actively committed to limiting its consumption of energy resources and materials and to promoting their efficient management

Although the environmental impact of the Management Company's activities is limited because of the nature of the business and the size of the organization, the Company is committed to **reducing any form of waste** in the consumption of energy and resources in general.

The Management Company shares a culture aimed at the proper **management of internally produced waste**, through separate collection and proper disposal of hazardous waste. The Company also implements specific initiatives and projects to minimize paper consumption and, as possible, selects those suppliers of services and consumables who offer products with reduced environmental impact.

The Management Company encourages its employees, through specific initiatives, to use public transport and innovative transport systems with **low environmental impact**, the use of which concretely contributes to the reduction of emissions generated by business trips and private transport. For this reason, the Management Company's objective is to use hybrid cars for its corporate fleet and to provide free or discounted subscriptions for the use of public transport such as the underground and bike sharing.

Commitment to investors

The Management Company aims to establish lasting relationships with its investors, based on diligence, transparency and respect, guaranteeing a highly professional service

One component for the success of its business is the **trust** of investors, to whom the Management Company guarantees that its activities are conducted according to principles of fairness, objectivity and traceability, guaranteeing a professional service characterized by **integrity** and **transparency**. Similarly, information relating to third parties owned by the Company, produced or acquired through business relations, is protected in order to ensure maximum respect of privacy.

The Management Company and its employees and collaborators are required to comply with all the rules and regulations, both national and international, regarding anti-money laundering and anti-terrorism. The Company considers of key importance acting beyond regulatory compliance and has adopted specific internal measures to verify the origin of financial flows and to acquire an adequate knowledge of customers and counterparties with whom transactions must be carried out.

With the aim of building solid relationships with investors, the Management Company believes in the need to undertake a path that allows combining the maximization of economic returns with the generation of socio-economic and environmental benefits.

Finally, to achieve a high level of recognition in the field of responsible finance, the Management Company has committed to communicating promptly with its investors, seeking maximum transparency with respect to the results obtained and proving to be a leader in the promotion of a **sustainable culture**.

In addition to the above, the Management Company expresses to its investors and, more generally, to all of its stakeholders, its commitment to implementing a Responsible Investment Policy, as described below.

Responsible Investment strategy

The Management Company has developed a Responsible Investment strategy in order to apply the responsible finance principles to all the investment phases and processes, considering that the integration of ESG criteria throughout the investment lifecycle is pivotal for creating value that is long-lasting and shared with all stakeholders. ESG integration takes place in a balanced and gradual manner in all the investment strategy segments, while ensuring that the best way for fulfilling the integration is identified according to the characteristics of any single deal. The adopted integration policy, indeed, involves the identification and assessment of the principal adverse impacts on environmental and social sustainability that the investment may carry:

E - Environment:

The Management Company, aware of the adverse impact that its activity may have on the surrounding environment, aims to operate in a way to reduce such impact as much as possible. In fact, throughout the investment lifecycle the [assessment of environmental aspects](#) is carried out in order to raise awareness on the importance of protecting the environment amongst portfolio companies and funds. In this scope it's pivotal to consider aspects such as the management of [energy consumption](#), [GHG emissions](#) and the potential impact on [climate change](#), also in the perspective of transition to a zero/low environmental impact economy.

S - Social:

La Management Company aims to ensure appropriate working conditions in the companies in which it invests through its managed funds and to promote the [social development of the community](#) where they operate through, on the one hand, [active participation](#), and on the other, the contribution to [innovation](#). It encourages itself, also in invested funds, an approach for human resource management that is intended to protect competences and skills, pursuing a work culture based on [equal opportunities](#), criteria of [merit](#) and refusing any form of [discrimination](#) in the respect of [diversity](#) and [inclusion](#) principles.

G - Governance:

The *corporate governance* management of portfolio companies and funds represents a cornerstone in the Responsible Investment process of the Management Company. Relating to that, the Company, by ensuring the highest quality of management and governing bodies members, promotes the fulfilment of [high ethical standards](#) in managing the business, encouraging the adoption of proper [management and safeguard systems](#) aimed at avoiding [corruption](#), [conflict of interests](#), [privacy breaches](#) and fostering [responsible business management](#).

The oversight on Responsible Investment Strategy is attributed to the Commercial, Investor Relations & ESG Director.

[Investment process phases](#)

The application of ESG principles takes place in the different phases within the investment process, taking into account how to integrate such criteria according to the different investment strategies adopted by the Management Company in order to assess correctly and at any time risks and opportunities of the investments.

Exclusion

Before the assessment, there is the exclusion from FII SGR's investment scope of activities and/or companies deemed ethically controversial and where, accordingly, the Management Company avoid investments considering such characteristic. To this end, FII SGR has identifies a set of [exclusion criteria](#) that may be applied to direct and indirect funds and that are linked to the following sectors/activities:

- i. weapons, munitions and military systems;
- ii. tobacco;
- iii. gambling and linked products;
- iv. pornography;
- v. programs and electronic solutions developed to illegally enable the access to networks or the downloads of computer data;
- vi. human cloning;
- vii. illicit activities according to applicable legislative and regulatory dispositions or that breach the founding principles of responsible investments (e.g.: transparency, integrity ed suitability) according to the guidelines of international industry associations.

Preliminary assessment

- **Direct investments:** once that exclusion criteria have been applied, investment *teams* identify the areas for the *due diligence* activity which, alongside with financial criteria, includes also the assessment of ESG aspects, for whom a specific due diligence is carried out by third-party companies. Indeed, the materiality analyses specifically required are performed upstream of this activity in order to figure out whether to invest in environmental and reputational due diligence (for example first or second level *site visits*);
- **Indirect investments:** during the preliminary assessment of indirect investments, which are made through the fund of funds activity, the Management Company executes a due diligence aimed at assessing the target funds' commitment towards Responsible Investments, their relative policies and, especially, the extent to which ESG criteria are integrated in the different phases of investment processes.

For both the direct and the fund of funds investment activity, once the *due diligence* is finished, investment *teams* include a section dedicated to the results of the analysis of ESG aspects in the *investment memorandum*, so that the main [socio-environmental indicators](#) are integrated into the final decision.

Holding period

While managing the investment, the Management Company intends to ensure that proper safeguard of assets is matched with a growing awareness on the importance of leading the business activity with a sustainable and Responsible Investment approach. The Management Company commits to state that any lack emerged in the assessment phase is resolved in the holding period, as well as to periodically evaluate the respect of the requirements set in the execution phase and the results achieved by portfolio companies and funds.

- **Direct investments:** when defining contractual conditions for an investment, as for the Model 231/01 and the Code of Ethics, the Management Company is committed to encourage the adoption of policies, management systems or other initiatives relating to relevant ESG risks emerged in the due diligence. During the holding period, FII SGR carries out a regular and structured [monitoring](#) of the portfolio companies' ESG performance according to a dashboard of KPIs identified and updated with the evolution of the portfolio, also with the objective of to making them aware of sustainability topics;
- **Indirect investments:** after the closing, the Management Company requires fund managers to observe certain requirements amongst which, when missing, to [sing the UN PRI](#) and to [adopt a Responsible](#)

Investment Policy – or the following – within a certain time horizon. Besides the compliance with these fulfillments, FII SGR requires fund managers to regularly share information on the fund's ESG performance (for example reports, third-party scores) and on the ESG management of target companies (for example any emerged ESG risks/opportunities, ESG action plan), while adopting itself an approach for regular monitoring of ESG aspects in the subscribed funds.

Engagement

Whether material ESG risks related to portfolio investments are found, the Management Company is committed to activate a mechanism of direct communication with companies and fund managers in order to promote a more sustainable approach and to positively influence the management of those risks. To this end, it's possible to engage with companies establishing a **dialogue** with them and according to the most suitable ways for the specific case. Moreover, FII SGR aims to engage with the financial community in the appropriate circumstances in order to cooperate towards sustainable development.

Divestment

At last, during the divestment, the Management Company intends to estimate the socio-economic impacts of any single deal, by comparing the ex-ante situation with the ex-post one. Those analyses will be integrated in specific **reports** about the performances achieved by the Company in the scope of responsible finance.