

26 – SUSTAINABILITY POLICY

Corporate policies

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Version history

Version	Document Date	Validated by	Major changes
1.0	26/02/2021	Board of Directors	
1.1	15/04/2021	General Manager	Updated references to Etica SGR website and corrected some typos
2.0	18/12/2023	Board of Directors	Update with respect to news in sustainability
2.1	30/08/2024	Board of Directors	Integration of the way the IAP <i>Statement</i> is developed.
2.2	27/01/2025	Board of Directors	Integration principals for compliance with the ban on financing of companies producing anti-personnel mines, cluster munitions and submunitions

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1. Foreword

The purpose of this Policy is to illustrate the organizational structure, principles and guidelines adopted by Euregio Plus SGR S.p.A. (hereinafter "Euregio Plus" or "SGR" or "Company") regarding environmental, social and *governance* sustainability.

The consideration of sustainability aspects, in its broadest sense, is now an indispensable element in the definition of corporate strategies and the adoption of resilient and inclusive *business* models. By virtue of the fiduciary mandate it has with its clients, Euregio Plus is constantly seeking investments that are aimed at generating sustainable value and believes that the environmental, social and *governance* aspects that characterize the investments made by the SGR can influence the *performance* of the managed portfolios over time. For this reason, Euregio Plus integrates ESG factors within all of its active management activities. The inclusion of such factors in investment decisions thus enables the alignment of investors' interests with the broader objectives of the Company.

This Policy is based on the following building blocks:

- The monitoring of sustainability risks in the investment process;
- The use of sustainability indicators in the investment process;
- The consideration of major negative impacts on sustainability factors arising from investment activity;
- the specific ESG strategies;
- active shareholding and *engagement*.

This Policy complements the general principles of the SGR Code of Ethics and Conduct, to which reference is made.

2. Regulatory framework

This Policy is adopted with the aim of disseminating the principles of environmental, social and *governance* sustainability and describing the policies on the integration of sustainability risks in its investment decision-making processes and transparency obligations under Regulation (EU) 2088/2019 (hereinafter "SFDR" or "SFDR Regulation"), which establishes harmonized transparency rules for financial market participants and financial advisors regarding the integration of sustainability risks and the consideration of adverse sustainability effects in their processes and disclosure of sustainability-related information related to financial products. The aforementioned principles also take into account the provisions of Regulation (EU) 2020/852 (hereinafter referred to as the "Taxonomy Regulation") regarding the establishment of a framework that favors sustainable investments and, in particular, environmentally sustainable investments. This legislation is further declined, as far as the Taxonomy Regulation is concerned, by Delegated Regulations (EU) 2021/2139 and 2021/2178, which respectively decline the criteria for the definition of an environmentally sustainable activity (related to climate change mitigation and adaptation objectives) and how to report the degree of eligibility and alignment of a company with the Taxonomy. Regarding SFDR, the SFDR Delegated Regulation (EU) 2022/1288 (hereafter "SFDR Delegated Regulation") specifies the contents and *disclosure* modalities provided at the company level, for financial market participants and financial advisors, and at the product level.

Additional relevant regulatory sources:

- Commission Delegated Regulation (EU) 2021/1255 of April 21, 2021 amending Delegated Regulation (EU) No. 231/2013 regarding sustainability risks and sustainability factors to be taken into account by alternative investment fund managers;
- Supervisory expectations on climate and environmental risks, Bank of Italy, April 2022;
- UN 2030 Agenda for Sustainable Development adopted by the United Nations on September 25, 2015 focusing on the *Sustainable Development Goals* "UN SDGs";
- *Principles for Responsible Investments* (PRIs) of the United Nations 2006;

- *Consolidated questions and answers (Q&A) on the SFDR (Regulation (EU) 2019/2088) and the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288),* May 17, 2023;
- Joint Measure July 26, 2024 - adopted by Bank of Italy, Covip, Ivass, MEF - Instructions for the exercise of enhanced controls over the work of licensed intermediaries to counter the financing of enterprises producing anti-personnel mines, cluster munitions and submunitions;
- Law No. 220 of December 9, 2021 on measures to counter the financing of enterprises producing anti-personnel mines, cluster munitions and submunitions;
- Decree Law No. 73 of June 21, 2022, coordinated with conversion law No. 122 of August 4, 2022, which amended Law No. 220 of December 9, 2021.

3. Definitions

For the purposes of this Policy, capitalized terms shall have the meanings ascribed to them below:

- **SGR or Company:** Euregio Plus SGR S.p.A;
- **Policy or Sustainability Policy:** means this document;
- **TUF:** Legislative Decree No. 58 of February 24, 1998, as amended. "Consolidated Law on Finance."
- **SFDR Regulation:** Regulation (EU) 2088/2019 of November 27, 2019 on sustainability disclosure in the financial services sector "*Sustainable Finance Disclosure Regulation*" ;
- **Taxonomy Regulation:** Regulation (EU) 852/2020 of June 18, 2020, establishing a framework to encourage sustainable investment and amending the SFDR Regulation;
- **ESG:** Environmental, *Social*, *Governance*: principles of environmental, social, and *governance* sustainability;
- **Financial market participant:** as defined by the SFDR Regulation, among others, an investment firm providing portfolio management services, an institution for occupational retirement provision (IORP), a creator of a pension product an alternative investment fund manager (AIFM), a manager of a qualified *venture capital* fund registered in accordance with Article 14 of Regulation (EU) No. 345/2013, a management company of an undertaking for collective investment in transferable securities (UCITS management company);
- **Financial advisor:** as defined by the SFDR Regulation, among others, an investment firm providing investment advice, an AIFM providing investment advice in accordance with Article 6(4)(b)(i) of Directive 2011/61/EU, a UCITS management company providing investment advice in accordance with Article 6(3)(b)(i) of Directive 2009/65/EC;
- **Financial product:** as defined by the SFDR Regulation, among others, a portfolio management as defined in Article 4(1)(8) of Directive 2014/65/EU, a pension product, a pension scheme, an alternative investment fund (AIF), a UCITS, a PEPP;
- **Investment advice:** as defined by the SFDR Regulation, investment advice as defined in Article 4(1)(4) of Directive 2014/65/EU;
- **Sustainable investment:** An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators concerning energy use, use of renewable energy, use of raw materials and water resources and land use, waste generation, greenhouse gas emissions as well as impacts 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 the fight against inequality or that promotes social cohesion, social integration and industrial relations, or an investment in human capital or economically or socially disadvantaged communities provided that such investments do not significantly harm any of these objectives and that the enterprises benefiting from such investments comply with good *governance* practices, particularly with regard to sound management structures, employee relations, staff remuneration and compliance with tax obligations;
- **Sustainability risk:** an environmental, social, or *governance* event or condition that, if it occurs, could cause a significant actual or potential negative impact on the value of the investment;

- **Sustainability factors:** environmental, social and personnel issues, respect for human rights, and issues related to combating active and passive corruption;
- **Environmental objectives:** the objectives defined in Article 9 of the Taxonomy Regulations:
 - a) climate change mitigation (see Article 10 of the Taxonomy Regulations);
 - b) adaptation to climate change (see Article 11 of the Taxonomy Regulations);
 - c) sustainable use and protection of marine waters and resources (see Article 12 of the Taxonomy Regulations);
 - d) the transition to a circular economy (see Article 13 of the Taxonomy Regulations);
 - e) pollution prevention and reduction (see Article 14 of the Taxonomy Regulations);
 - f) The protection and restoration of biodiversity and ecosystems (see Article 15 of the Taxonomy Regulations).
- **ESG product:** a financial product that, as defined in Article 8(1) of the SFDR, promotes, among other characteristics, environmental or social characteristics, or a combination of such characteristics, provided that the companies in which the investments are made comply with good *governance* practices ;
- **Product with sustainability goals:** an ESG Product that, as defined in Article 9 of the SFDR, has sustainable investments as its goal ;
- **Non-ESG Product:** a financial product that does not fall within the definition of an ESG Product ;
- **Pre-contractual documentation:** means the documentation specified in Article 6, paragraph 3 of the SFDR Regulations, summarized below:
 - for AIFs: the offering document (for reserved AIFs) or the disclosure document (for non-reserved AIFs);
 - For UCITS: the prospectus for the public offering;
 - For pension funds: the Information Note;
 - For asset management: the disclosure document;
- **Periodic Report:** means the documents specified in Article 11, paragraph 2 of the SFDR Regulations, summarized below:
 - For AIFs: the annual report;
 - For UCITS: the annual report;
 - For pension funds: the annual statement;
 - For asset management: the Consob management report.

4. Scope of application

This policy applies to SGR, qualifying as a participant in the financial markets, as a provider of asset management services, UCITS and AIF management company, and pension fund management company. The SGR also qualifies as a financial advisor by reason of providing financial investment advisory services. This Policy applies to all products established and/or managed by the SGR in the manner and with the differentiations governed by the Policy itself and consistent with the offering and/or contractual documentation of those products.

5. Measurement and integration of sustainability risk

The decision-making process that evaluates investments involves analyzing environmental, social, and *governance* aspects in addition to economic and financial aspects. This process makes it possible to examine the ESG (*Environment, Social, Governance*) profile of the instruments being invested and advised, assess their relative exposure to ESG risks, and monitor the management of related areas of opportunity and criticality.

Thus, the inclusion of ESG profile analysis within the investment process is the main tool that enables the SGR to assess and ensure an appreciable degree of sustainability in its investments and financially support sustainable development.

The inclusion of ESG factors in investment evaluation is also the tool for managing risk related to those extra-financial sustainability factors that would not otherwise be detected. In this sense, the analysis of ESG factors is also a tool to preside over the value of assets in the long run and to integrate climate and environmental risks within the assessment of investment opportunities.

Thus, investment selection by portfolio managers takes into account exclusion strategies applicable to all portfolios, those specific to specific product categories or ESG strategies, and the level of ESG *ratings* attributed to the instruments being invested in. ESG *ratings* can be provided by specialized *info providers* or developed internally by the SGR. Sustainability risk monitoring also takes into account the concentration of portfolios for the above *rating* classes.

For funds of funds, fund-based asset management, and other assimilated product types, sustainability risk monitoring is carried out by assessing the ESG strategies and approaches of the funds in which the portfolios are invested.

The strategy for inclusion of ESG factors is subject to evaluation by the *ESG Committee*.

The SGR has a varied financial product offering, therefore, the ways in which sustainability risks are measured and integrated differ by *asset type*, distinguishing primarily between liquid, illiquid, and real estate securities investments, as described in the following paragraphs.

The SGR has the option to make use of ESG strategies provided by third parties when they are aligned with the provisions of this Policy and related internal procedures.

With reference to the prohibition of financing of companies producing anti-personnel mines, cluster munitions and submunitions, as defined by Law No. 220 of December 9, 2021, SGR consults publicly available lists (i.e., freely accessible on the internet), verifying that the information contained is periodically updated and assessing its reliability.

In addition to consulting public directories, the SGR may consult additional information sources such as up-to-date private directories provided by reliable info-providers; in this case, in order to verify their reliability, including in terms of updating, at least quarterly a reconciliation check must be made between public and private sources used.

If the sources consulted contain discrepant information, the SGR shall report to the Board of Directors on the reasons behind the choice of the source used among those consulted.

The Risk Management Function, as part of its activities, monitors compliance with the limitations set forth in this Policy, including the prohibition on financing set forth in Law 220/2021.

5.1 Liquid movable investments

ESG factor integration methodologies are differentiated according to the characteristics of the instruments themselves (mainly differentiating equities and corporate bonds, government bonds, sustainable bonds, AIFs and UCITS) as governed within the company's liquid securities investment *policy* and are primarily based on a combination of exclusion and "*best in class*" strategies. The value, regulatory, and/or sector exclusion and adverse selection strategies are designed to avoid exposure of portfolios to investments with an ESG risk profile that is not compatible with the minimum *standard of sustainability* acceptable to the SGR. "*Best in class*" strategies consist of preferential selection of issuers considered "*leaders*" in their commitment to ESG issues within their industry group, seeking to favor issuers from these entities at the expense of those from entities considered "*laggards*," i.e., less committed or inactive with respect to ESG issues.

These methodologies are formulated through the use of data provided by specialized *information providers* and pursue the objective of ensuring the consistency of internal assessments with the guidelines provided by the *Sustainable Finance Disclosure Regulation (SFDR)* and the EU Taxonomy in terms of controlling

and reducing the main adverse sustainability impacts (PAIs) of investments and the promotion of sustainable and environmentally sustainable investments.

In addition, the SGR excludes in all cases from its investable universe:

- securities issued by corporate issuers directly engaged in the production or marketing of controversial weapons banned by international treaties promoted by the United Nations and ratified by the Italian Parliament, and whose use violates basic humanitarian principles;
- securities issued by government broadcasters who are involved in systematic human rights violations;
- the financing of companies producing anti-personnel mines, cluster munitions and submunitions, as defined by Law No. 220 of December 9, 2021.

Verification about issuers' exposure to the above controversial issues is done through available public directories and data provided by specialized *information providers*.

5.2 Illiquid securities investments

The process of evaluation and selection of illiquid securities investments integrates ESG factors through the combination of exclusion, "*positive screening*" and "*engagement*" strategies as governed within the procedure on investment in debt and corporate finance instruments.

Value, regulatory, and/or sector exclusion strategies require the exclusion of issuers active in sectors assessed as controversial (such as, for example, the production or marketing of gambling-related products, pornographic material, etc.) and illegal economic activities. Verification about issuers' exposure to the above controversial issues is carried out through data provided by a specialized *information provider*.

In order to contain the sustainability risk of illiquid securities products, exposure is minimized to issuers that, at the time of assessment, have an ESG risk profile, quantified by *scoring* or *ESG rating*, that is not compatible with the minimum level acceptable to the SGR.

The integration of ESG factors also presupposes the pursuit of a "*positive screening*" strategy aimed at selecting issuers characterized by an appropriate ESG risk profile at the time of investment. Adequacy is to be identified in all those issuers where structural actions to improve the ESG risk profile are not necessary, but rather improvement actions also in order to take advantage of development and innovation opportunities brought about by sustainability *trends*.

In addition, the SGR excludes in all cases from its investable universe direct financing in companies producing anti-personnel mines, cluster munitions and submunitions, as defined by of Law No. 220 of December 9, 2021, and also in companies that in turn invest in such companies.

Finally, the SGR, through its *engagement* strategy, promotes the improvement of the ESG profile of the issuers in its portfolio through the definition of a series of sustainability goals, the pursuit of which is measured according to specific KPIs, which are constantly monitored.

For measuring and monitoring the ESG risk profile of issuers and setting sustainability targets, the SGR uses a specialized *information provider* whose methodology is aligned with the principles promoted by international regulations and market *best practices* on sustainability.

5.3 Real estate investments

The real estate investment evaluation and selection process integrates ESG factors through the combination of exclusion, redevelopment, and *engagement* strategies as governed within the procedure on real estate investment and divestment.

As part of the selection and evaluation of real estate investment opportunities, SGR undertakes to exclude Tenants/Managers/Sellers and Buyers active in the production or marketing of products related to controversial industries (such as, for example, the production or marketing of products related to gambling, pornographic materials, etc.) and illegal economic activities.

The redevelopment strategy calls for preferentially selecting investments in real estate or real rights or real estate companies for which redevelopment, upgrading, and *asset* recovery works are planned in order to improve their energy *performance*, reduce energy and water consumption, and, where possible, obtain Green certifications and/or properties that have already been designed with specific environmental criteria and *standards* in mind.

For the measurement and quantification of the ESG risk profile of each *asset* under assessment, SGR uses an ESG *scoring* or *rating*, developed on the basis of a methodology that takes into account the impact of planned reconversion, redevelopment and rehabilitation works, where relevant and technically estimable. In order to contain the ESG risk of its investments, the SGR sets a limit, in terms of such ESG *scoring* or *rating*, as a minimum requirement for the approval of each investment transaction. This methodology, which is developed in-house, may draw on the support of third parties for the collection and analysis of the data being evaluated.

In addition, the SGR excludes in all cases from its investable universe direct financing in companies producing anti-personnel mines, cluster munitions and submunitions, as defined by of Law No. 220 of December 9, 2021, and also in companies that in turn invest in such companies.

The SGR also promotes the improvement of the ESG profile of the properties under investment through an *engagement* strategy having as its objective the definition of an *action plan* to be implemented by the Tenant/Manager of each facility and constant monitoring of the progress achieved.

6. Consideration of adverse effects on sustainability

Principal Adverse Impacts on Sustainability Factors (hereafter referred to as "PAIs") are assessed through the development, analysis, and monitoring of quantitative PAI indicators relating to investments in enterprises, sovereign issuers, and real estate assets, aimed at measuring adverse effects on sustainability factors. These indicators are reported in the "Annex 1: IAP Indicators".

The process of calculating PAI indicators covers the underlying investments of all financial products of which the SGR is a producer.

6.1 Calculation and monitoring of PAI indicators

At the end of each quarter, the *Risk Management* Function processes the data received from the *Back Office & Accounting* (regarding exposures to issuers), managers or *info providers* on hand (regarding the negative effects of each PAI indicator - among those reported in the "Annex 1: IAP Indicators" - with the latest information available to it), in order to:

- Evaluate the performance of selected PAI indicators over time;
- Analyze the performance of issuers and funds benefiting from investments against various PAI indicators.

The annual figure of PAIs at the Company level represents the average of the values obtained in the quarterly surveys, for each indicator related to total exposures.

Analyses on the performance of PAI indicators are carried out on the aggregate values of all investments underlying the financial products, of which the Company is a producer, at the quarterly calculation of PAI indicators, in order to identify those with abnormal trends for three consecutive quarters. Specifically, the quarterly *trend* of each indicator is analyzed.

Where a PAI indicator has a *trend* for three consecutive quarters that needs to be cautioned, an "*alert*" related to the same indicator is expected to be activated. Values that exceed twice the average of the previous periods, in PAI indicators with values expressed in percentage terms, or, in PAI indicators with values expressed in absolute terms, values that exceed the average of the previous periods increased by two times the variance, are considered exceptionally worse, and therefore to be alerted.

The "*alert*" involves conducting an in-depth analysis on the *trend of values* on PAIs of individual investments that contribute-individually-to more than 5 percent of the aggregate value of the indicator. If the aggregate value of the PAI indicator shows a deterioration and one or more of the investments with the greatest impact show an abnormal trend, these investments are reported by the *Risk Management* function:

- to the *Global Markets Investment Committee*, for liquid securities investments;
- to the *Private Markets Investment Committee*, for illiquid investments;
- to the *Real Estate Investment Committee*, for real estate investments.

6.2 Management and mitigation of PAI indicators

Based on the findings of the periodic monitoring of the performance of PAI indicators and the type of *asset class* from which the *alert* arises, the Relevant Committee, after hearing the opinion of the *ESG Committee*, identifies the most appropriate actions to manage and mitigate the negative effects on sustainability factors and proposes them to the Board of Directors for determination. Said actions may consist of:

- **Dedicated PAI monitoring:** inclusion of the issuer in the list of investments for which periodic monitoring of PAI indicator value trends is provided;
- **Engagement:** implementation of **engagement** initiatives and/or **investor relations** (e.g., informal dialogues), including through delegated managers or institutional investor associations, toward issuers and fund managers, as well as the delegated managers themselves, aimed at increasing attention to sustainability factors;
- **Ban on future investment:** exclusion from future investment of issuers that produce significant negative effects on sustainability factors;
- **Partial divestment:** partial divestment of investment in issuers that produce serious negative effects on sustainability factors;
- **Total divestment:** total divestment from issuers that produce severe and repeated negative effects on sustainability factors.

Actions to reduce adverse effects taken during the reporting period and actions planned for the next reporting period are related to the indicator to which they relate. These actions are carried out by the SGR managers, who inform the respective Committee and the *ESG Committee* about their implementation.

6.3 Governance of key negative impacts

SGR actively considers and pursues mitigation of PAIs as part of the strategy of integrating sustainability factors into investment processes.

In general, consideration of the main negative effects on sustainability factors takes the form of mitigating these negative effects by defining:

- a) Exclusion strategies:
 - in which the exclusion criteria include PAI indicators;
- b) The transposition of the definition of sustainable investments under EU Regulation 2088/2019, and the pursuit of exposure of portfolios to these types of investments in the context of active management even of products that do not have a sustainable investment objective:
 - in which compliance with the principle of "not causing significant harm" also considers the assessment of PAIs generated by the investment and their mitigation;
- c) The establishment of ESG *rating* attribution methodologies aimed at ensuring consistency of internal assessments with the guidelines provided by the *Sustainable Finance Disclosure Regulation* (SFDR) and the EU Taxonomy in terms of controlling and reducing the main adverse

sustainability impacts (PAIs) of investments and the promotion of sustainable and environmentally sustainable investments:

- in which PAI indicators are also to be found among the criteria for formulating ESG *ratings*;
- d) Any issues related to PAI indicators of particular interest consistent with the investment strategy characterizing the products.

6.4 Disclosure of PAI indicators at the Company level.

As required by SFDR Article 4 and Articles 4-10 of SFDR's Delegated Regulations, the SGR, as a participant in the financial markets, shall prepare by June 30 of each year the "Statement on the Main Negative Effects of Investment Decisions on Sustainability Factors" (*PAI Statement*) concerning *due diligence* policies regarding such effects, taking due account of their size, nature and scope of their activities, and the type of financial products they make available, including in such information at least the following:

- a) information on its policies related to the identification and prioritization of major adverse sustainability effects and related indicators;
- b) A description of the main adverse effects on sustainability and any action taken in relation to this or, where appropriate, planned;
- c) Brief summaries of commitment policies under Article 3g of Directive 2007/36/EC, where applicable;
- d) a reference to compliance with codes of responsible business conduct and internationally recognized standards of due diligence and reporting, and, where applicable, the degree to which they meet the objectives set forth in the Paris Agreement;
- e) A historical comparison of these effects referring to the period for which reporting was made (which includes January 1 to December 31 of the reporting year) to the previous five periods.

Annually, by May, the descriptive and analytical sections of the PAI Statement are prepared according to the *template* provided in Annex I of the SFDR.

Based on the quarterly surveys collected by *Risk Management*, the *ESG Committee* identifies PAI indicators to be reported in the *PAI Statement*.

Content processing responsibilities lie with the SGR managers, to the extent of their responsibility, who integrate the quantitative data processed by *Risk Management* for the purpose of preparing the "Statement on the Main Negative Effects of Investment Decisions on Sustainability Factors."

Risk Management aggregates all contributions and coordinates the elaboration the final version of the document, to be submitted to the *ESG Committee* for approval before its publication on the SGR *website*, in the "Sustainability" section, in which the sustainability disclosures of ESG products or products with sustainability objectives, provided for in the following articles, are also included.

6.5 Transparency at the financial product level

As required by Article 7 of the SFDR Regulations, products that take into account major adverse effects on sustainability factors shall include a clear and articulate explanation of how such effects are taken into account and a statement that information on major adverse effects on sustainability factors is available among the information to be reported under Article 11(2) of the same Regulations.

6.6 Transparency at the level of consulting activities

The SGR, taking into account its size, nature and scope of business and the type of financial products on which it provides advice, prepares and publishes - in accordance with Article 4 SFDR and Article 11 of the

SFDR Delegated Regulation, on its website the "Statement on the Main Negative Effects of Investment Advice on Sustainability Factors" regarding the consideration of such effects in the context of investment advice service, describing:

- a) The way information published by financial market participants is used;
- b) whether financial products are classified and selected on the basis of the indicators listed in Table 1 of Annex I of the SFDR and any other indicators and, if applicable, a description of the classification and selection methodology used;
- c) any criteria or threshold values based on the main adverse effects listed in the above-mentioned Table 1 of Annex I, used to select financial products or offer financial advice on them.

If the SGR fails to consider the effects of investment advice on sustainability factors, pursuant to SFDR Art. 4 and Art. 13 of the SFDR Delegated Regulation, it shall publish on its website the statement "Failure to consider adverse effects of investment advice on sustainability factors" describing reasons why it does not consider any adverse effects and, if applicable, information on whether it intends to consider such adverse effects with reference to the indicators listed in Table 1 of Annex I of the SFDR Delegated Regulation and, if so, the timing thereof.

7. Governance of the SGR

In order to ensure proper implementation of the adopted policies, Euregio Plus has established a governance system dedicated to the management of this Policy, as specified below.

7.1 Board of Directors

The Board of Directors:

- Assesses and defines strategic and *business* directions in the area of sustainability and implementation of climate and environmental risks;
- defines policies related to *Environment, Social, Governance* (ESG) aspects and approves product classification under the SFDR, as well as all requirements related to *disclosure of products* classified under the SFDR;
- is responsible for integrating sustainability, climate and environmental risks into the organization and business processes and, to this end, approves the Sustainability Policy published on the Company's website and additional impacted internal regulations.

7.2 ESG Committee

The *ESG Committee*:

- Reviews, evaluates, and makes proposals on environmental, social, and *governance* strategy (limited to ESG issues);
- Provides advisory support to the Board of Directors in the development, review and implementation of the Sustainability Policy;
- collaborates, with the support of the *Compliance* Function, in the monitoring / reconnaissance and analysis of regulations in the field of sustainability, identifying their main impacts and directing specific compliance activities on individual business units;

The duties and composition of the *ESG Committee* are governed by procedure "01.02 - *Governance of the SGR.*"

7.3 Risk Management

The *Risk Management* Function:

- Monitors internal ESG and exclusion factor integration limits resolved by the Board of Directors and prepares disclosure and reporting based on the requirements of regulations and corporate *policies* and procedures.

7.4 SGR managers

Employees at the Investment Areas and the Office of Enterprise Development:

- operate within the framework of ESG policies and strategies deliberated by the Board of Directors and provide support to *the ESG Committee* on sustainability issues.

8. Product governance

In product *governance* and, for asset management services, in the management contract:

- any environmental or social features promoted (in the case of an ESG Product) must be explicitly stated;
- any sustainability goals (in case of Product with sustainability goals) must be explicitly stated;
- must be explicitly stated if the product or service does not fall into one of the above categories (in case of Non-ESG Product);
- the positive *Target Market* for products should also include information regarding the customer's sustainability goals;
- integration of sustainability risks and the main adverse effects of investment decisions on sustainability factors should be considered as part of the assessments carried out for the management of UCITS and AIF products.

9. Transparency in Pre-contractual Documentation

Pre-contractual Documentation for all products and services offered by the SGR must include information on:

- a) The ways in which sustainability risks are integrated into investment decisions;
- b) The results of the assessment of the likely impacts of sustainability risks on performance;
- c) if sustainability risks are not considered relevant to the product or service, a clear and concise explanation of this;
- d) a clear and reasoned explanation of whether and, if so, how a financial product takes into account key negative effects on sustainability factors;
- e) A statement certifying that information on the main adverse effects on sustainability factors is available in the Periodic Report;
- f) any additional information required by Article 136 "Disclosure Requirements" Intermediary Regulations .

In addition, the Pre-contractual Documentation should include the information described in the following paragraphs.

9.1 Non-ESG products

In accordance with the provisions of Article 7 of the Taxonomy Regulations, and taking into account the application dates provided for in Article 27 thereof, for non-ESG Products the Pre-contractual Documentation shall include the following statement (hereinafter "Non-ESG Disclaimer"):

"The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities."

9.2 ESG Products

In accordance with Article 8 of the SFDR Regulations, for ESG Products, the Pre-contractual Documentation shall include the *template* provided in Annex II of the SFDR's Delegated Regulations and the required submittal information, if applicable.

9.3 Products with sustainability goals

In accordance with the provisions of Article 9 of the SFDR Regulations and Article 5 of the Taxonomy Regulations, for Products with Sustainability Objectives, the Pre-Contract Documentation shall include the *template* provided in Annex III of the SFDR Delegated Regulations and the information required therein, if applicable.

10. Transparency in Periodic Reports

In accordance with Article 11 of the SFDR Regulations, Periodic Reports must include:

- a) for ESG Products, the *template* provided in Annex IV of the SFDR and the information required therein, if applicable, and in particular the extent to which environmental or social characteristics are achieved;
- b) for Products with Sustainability Objectives, the *template* provided in Annex V of SFDR's Delegated Regulations and the information required therein, if applicable, and in particular:
 - The overall sustainability-related impact of the financial product in relation through relevant sustainability indicators; or
 - if an index has been designated as the benchmark index, a comparison of the overall sustainability-related impact of the financial product with the impacts of the designated index and a general market index through sustainability indicators;
- c) any additional information required by Article 137 "Reporting Obligations" Intermediary Regulations.

11. Documentation to be posted on the *website*

In addition to the publication of company-wide documentation, for individual ESG Products, the SGR must make available in a conspicuous and easily accessible section of the *website*, the clear, concise and understandable information for investors required by Article 10 of the SFDR Regulations and Articles 23 ff. Of the SFDR Delegated Regulations according to the classification of the financial product under Article 8 or 9 SFDR.

Such information must be published accurately, fairly, clearly, not misleadingly, simply and concisely.

The SGR shall ensure that all documentation posted on the website is up-to-date, and in the event of a change in the information contained therein, a clear explanation of the change shall be posted on the website.

12. Marketing documentation

In accordance with Article 13 "*Marketing Communications*" of the SFDR Regulations, the SGR's marketing documentation must be consistent with the documentation provided in this sustainability policy.

13. Disclosure

This Policy, addressed to all SGR staff, is published not only in the dedicated section of the company's *intranet*, but also on the website in compliance with the transparency obligations indicated by EU Regulation 2088 of November 27, 2019.

Translated with artificial intelligence

Annex 1: IAP Indicators

Tables 1, 2, and 3 correspond to those in Annex I to Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of information related to the "do no significant harm" principle, specifying the content, methodologies and presentation of information regarding sustainability indicators and adverse sustainability effects, and the content and presentation of information regarding the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

Table 1) Statement on the main negative effects of investment decisions on sustainability factors.

Indicators applicable to investment in investee companies		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Climate and other environment-related indicators		
Greenhouse gas emissions	1) GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2) Carbon footprint	Carbon footprint
	3) GHG intensity of investee companies	GHG intensity of investee companies
Greenhouse gas emissions	4) Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5) Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources
	6) Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	7) Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
Water	8) Emissions to water	Tonnes of emissions to water generated by investee companies

Indicators applicable to investment in investee companies		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
		per million EUR invested, expressed as a weighted average
Waste	9) Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and employee matters	10) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12) Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13) Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14) Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Indicators applicable to investments in sovereigns and supranationals		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Environmental	15) GHG intensity	GHG intensity of investee countries

Indicators applicable to investments in sovereigns and supranationals		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Social	16) Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law

Indicators applicable to investments in real estate assets		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Fossil fuels	17) Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels
Social	18) Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate asse

Table 2) Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Climate and other environment-related indicators		
Emissions	1) Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2) Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3) Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average

Indicators applicable to investments in investee companies

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
	4) Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5) Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and emissions materials	6) Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	7) Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8) Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9) Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10) Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11) Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12) Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13) Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
	14) Natural species and protected areas	1.Share of investments in investee companies whose

Indicators applicable to investments in investee companies		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
		operations affect threatened species; 2. Share of investments in investee companies without a biodiversity protection policy covering operational sites managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas owned, leased,
	15) Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16) Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17) Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18) GHG emissions	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
Waste	20) Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21) Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials

Indicators applicable to investments in investee companies		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
		used in new construction and major renovations
Biodiversity	22) Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets

Table 3) Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Indicators applicable to investments in investee companies		
Social and employee matters	1) Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2) Rate of accidents	Rate of accidents in investee companies expressed as a weighted average
	3) Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4) Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5) Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6) Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
	7) Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average
	8) Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9) Lack of a human rights policy	Share of investments in entities without a human rights policy
	10) Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11) Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12) Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13) Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14) Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
Anti-corruption and anti-bribery	15) Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16) Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17) Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18) Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column
	19) Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human Rights	20) Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21) Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22) Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes
	23) Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metrics
		quantitative indicator explained in the explanation column
	24) Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column