



Board of Directors' meeting, 19/06/2024

POLICY ON SUSTAINABLE INVESTING (ESG)

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Policy on Responsible Investing



Contents

1	Introduction	3
1.1.	Reference scenario and purpose of document.....	3
1.2.	Changes made	4
1.3.	Regulatory framework	4
1.3.1.	Internal regulations	4
1.3.2.	External regulations	4
1.4.	Scope of application	5
2	Reference principles	6
3	Process for responsible investing	7
3.1.	General exclusion criteria – negative screening	7
3.2.	General inclusion criteria – positive screening	8
3.3.	Consideration of principal adverse impacts on sustainability	9
3.3.1.	Methodology used for consideration of principal adverse impacts on sustainability..	9
3.4.	Sustainable investments.....	10
3.5.	Investment decision	11
3.6.	ESG Committee and Control Units	11
4	Assessment of sustainability risk	12
5	Engagement	13
6	Corporate responsibility	14
	Annex 1 – Means of recovering ESG parameters	15



1 Introduction

1.1. Reference scenario and purpose of document

Mediobanca SGR (the "SGR") is convinced of the need to embrace environmental, social and governance principles ("ESG") in its investment process as a matter of priority, to consolidate confidence among investors and markets, to bolster the company's reputation, and to counter the development of practices and activities considered not to be in line with the Mediobanca Group's principles. ESG principles are a key factor in pursuing the creation of value in financial as well as social and environmental terms.

To pursue these objectives, with this Policy Mediobanca SGR undertakes not to invest in activities considered to be highly risky for the environment and/or for the society, and to consider the governance standards of issuers in order to identify the issues and analyse the potential related risks, by means of analysis of the ownership structure, the internal and external units responsible for corporate governance, the management remuneration and incentive policies, the capital allocation decisions, the policies in the area of communication with stakeholders and the production strategies and processes.

Accordingly, Mediobanca SGR favours companies considered to be virtuous from an ESG viewpoint and in line with the SGR's ethical principles, in order to protect investments made on behalf of clients and assess risk aspects as comprehensively as possible.

Regulation (EU) 2019/2088 of the European Parliament and of the Council ("Regulation 2088") has introduced measures to promote the commitment of all market participants to environmental, social and governance issues. Specifically, the objective of Regulation 2088 is to reduce information asymmetries and inconsistency in terms of information regarding sustainability risks¹ and the integration of ESG criteria into the investment process, introducing the obligation for financial market participants to provide disclosures to end-investors at the pre-contractual stage and via their institutional website. Additional disclosures are also required for products that promote environmental, social and governance characteristics (under Article 8 of Regulation 2088) and products with sustainable investment objectives (under Article 9 of Regulation 2088).

Regulation 2088 also establishes harmonized rules on transparency for financial markets participants with regard to the consideration of the adverse impacts of the investment processes on sustainability. In order to incorporate the requirements introduced by the new regulations, Mediobanca SGR adopts an approach intended to identify, assess and reduce potential sustainability risks and any potential adverse impacts on the return of a product, as well as reputational and operational risks deriving from investments made in companies considered to be not socially responsible or with low ESG ratings and/or involved in severe controversies. Moreover, Mediobanca SGR develops and applies a methodology for taking into consideration the Principal Adverse Impacts on sustainability (the "PAIs"), based on the nature, size and type of the offered financial products, in order to monitor, contain and reduce the negative impacts that the investment process could have on sustainability.

In this scenario, the Policy defines the general principles and guidelines for applying environmental, social and governance (ESG) factors, in addition to financial ones, to the investment decision-making process.

¹ Sustainability risk is defined in Article 2 of Regulation 2088 as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.



In particular, the principles on which the Policy is based are intended to:

- ◆ Promote the knowledge in the area of ESG investing within the company itself and among stakeholders, and facilitate the application of responsible investment principles and processes;
- ◆ Reduce the sustainability risks and the related adverse impacts related to investments in the managed assets;
- ◆ Avoid investments that are not in line with the principles of ethics and integrity which constitute the foundation of Mediobanca SGR's and the Group's way of doing business.

1.2. Changes made

June 2024: This Policy has been updated compared to the previous version issued in 2023, to allow for additions to the means by which sustainable investments and by which adverse effects on sustainability are integrated at product level.

1.3. Regulatory framework

The principal regulations of reference are listed below. It should be noted that, in the event of subsequent amendments to the regulations in this area, or new regulations being issued, until such time as the changes have been incorporated into the internal regulations, reference should be made to the more recent versions of the regulations than the ones specified in this section.

1.3.1. Internal regulations

- ◆ Group ESG Policy.
- ◆ Investment Process Regulation.
- ◆ ESG Committee Regulation.
- ◆ Directive on Responsible and Sustainable Investing.

1.3.2. External regulations

- ◆ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
- ◆ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
- ◆ Commission Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risk and preferences into certain organizational requirements and operating conditions for investment firms.



1.4. Scope of application

This Policy applies to the investment and advisory activities performed by Mediobanca SGR, in equity and debt instruments issued by listed companies and sovereign issuers, in CIUs and in private debt instruments.

The following are excluded from the Policy's scope of application:

- ◆ Managed products featuring a "passive" management style that replicate the composition and performance of a given index (e.g. ETFs);
- ◆ Individual and collective management products with a benchmark, for which the application of negative screening criteria is assessed specifically for the purpose of limiting the distortion effects related to the benchmark not being replicable;
- ◆ Feeder funds established prior to 1 July 2024.

The document is structured as follows:

- ◆ Section 2 provides evidence of the main ESG principles of reference used by the Mediobanca Group;
- ◆ Section 3 describes the means by which ESG factors are taken into consideration in the investment process. Such methods include:
 - ◆ Use of negative screening (section 3.1);
 - ◆ Use of positive screening (section 3.2);
 - ◆ Consideration and prioritization of PAIs at the Group Legal Entity and individual product level (section 3.3);
 - ◆ Definition and monitoring of sustainable investments (section 3.4).

The guidelines for investment decisions (section. 3.5) and the ESG Committee's role are also described.

- ◆ Section 4 illustrates the means by which sustainability risk is assessed for the purpose of disclosing such information in client contracts;
- ◆ Finally, sections 5 and 6 describe, respectively, the guidelines for active engagement and the corporate responsibility principles followed by Mediobanca SGR.



2 Reference principles

The Mediobanca Group bases its actions on the following principles (the “Reference Principles”):

- ◆ Universal Declaration of Human Rights;
- ◆ The 10 Principles of the United Nations' Global Compact, recognized globally and applicable to all economic sectors of which it is a signatory;
- ◆ International Labour Organization (“ILO”) Declaration on Fundamental Principles and Rights at Work;
- ◆ Eight ILO conventions on fundamental human rights (conventions 29, 87, 98, 100, 105, 111, 138 and 182), on: freedom of association and protection of the right to organize and collective bargaining; elimination of all forms of forced or compulsory labour; effective abolition of child labour; elimination of discrimination in employment and occupation;
- ◆ ILO convention 169 on the rights of indigenous and tribal peoples;
- ◆ Rio Declaration on Environment and Development;
- ◆ United Nation convention against corruption;
- ◆ 17 UN Sustainable Development Goals (SDGs);
- ◆ UN Guiding Principles on Business and Human Rights;
- ◆ OECD Guidelines for multinational enterprises;
- ◆ European Pillar of Social Rights.

Since 2019 Mediobanca SGR has also been a signatory to the UN-supported Principles for Responsible Investment (the “PRI”). The PRI are criteria established by the United Nations, to which a network of certified investors adheres, that aims at developing a more sustainable global financial system, and supporting its signatories in incorporating these factors into their investment and active ownership decisions.

In 2022, Mediobanca SGR also endorsed Advance, the UN PRI-led collaborative initiative promoted by UN PRI which intends to support engagement action by institutional investors in social and human rights issues.



3 Process for responsible investing

To facilitate the implementation of a responsible investing process based on ESG criteria, Mediobanca SGR has defined activities and analysis indicators to be taken into consideration in the course of investment activities.

The approach followed by Mediobanca SGR in order to consider ESG factors in the investment process entails:

- ◆ Use of negative screening;
- ◆ Use of positive screening;
- ◆ Consideration and prioritization of PAIs at the Group Legal Entity and individual product level;
- ◆ Definition and monitoring of sustainable investments.

3.1. General exclusion criteria – negative screening

Mediobanca SGR has identified certain exclusion requisites that must be met. The company's commitment is to not knowingly invest, based on the information available, in equity and bond issuers, whose business is contrary to the Mediobanca Group's values and could therefore expose Mediobanca SGR to serious reputational risks. In particular, it is not possible to make direct investments² in:

- ◆ Companies involved in the production and/or sale of weapons that violate fundamental humanitarian principles, such as anti-personnel mines, biological weapons, chemical weapons, cluster bombs, and bombs containing depleted uranium, or components specifically designed for such weapons (dedicated components) and/or that are essential for their functioning (essential components), or which otherwise provide them with assistance, technologies or services, including the prohibition to invest in issuers included in the scope of application of Italian Law No. 220 of 9 December 2021, as specified below;
- ◆ Companies involved (unless marginally³) with the production and/or sale of nuclear weapons, or components specifically designed for such weapons (dedicated components) and/or that represent an essential component for their functioning (essential components), or which otherwise provide them with assistance, technologies or services;
- ◆ Issuers convicted⁴ of serious human rights violations, with reference to both employees and to the local communities, especially in the area of indigenous peoples' rights and of child and forced labour, human trafficking, worker exploitation, or discrimination based on, for example, ethnicity, religion or gender;
- ◆ Issuers convicted of serious violations of the regulations on accounting fraud, money laundering and/or bribery and corruption;

² Thorough review of the cases listed below is conditional upon the availability and accuracy of the information and data made available by the info-providers.

³ The term "marginally" means that revenues generated from activities involving nuclear weapons and their components (dedicated and essential) do not exceed 5% of the company's total sales (based on consolidated accounts where these are drawn up).

⁴ In this Policy, every time the term "conviction" or "convicted" is used, the definition shall also include non-definitive sentencing handed down.



- ◆ Issuers convicted of serious damage to the environment (concerning, for example, the release of harmful substances into the environment, deforestation, damage to the ecosystem and/or to sources of biodiversity);
- ◆ issuers sanctioned by supranational entities (e.g. the UN, EU, OFAC, etc.) or nation states with serious shortcomings in their legislation for tackling terrorism financing and money laundering.⁵

Under Italian Law No. 220 of 9 December 2021,⁶ regarding measures to prevent the financing of producers of anti-personnel and cluster weapons and sub-munitions, a ban has been introduced on the investment in companies that perform one or more of the activities covered by the law, directly or via subsidiaries or associates, regardless of the legal form in which they are incorporated, based in Italy or elsewhere.⁷

It is also forbidden to carry out transactions which involve issuers included in the applicable national or international anti-terrorism blacklists (e.g. EU regulations, UN resolutions).

Without prejudice to the ban on making new investments in issuers for which Mediobanca SGR becomes aware of the involvement in one or more of the above general negative screening criteria, Mediobanca SGR may evaluate whether or not to resume operations in such issuers on a case by case basis, for example because of action of mitigation that the latter has implemented and/or the characteristics of the controversy itself.⁸

In particular, assessment regarding the severity of the particular instance, or regarding the decision to maintain, reduce or increase investments in issuers involved in the foregoing activities, or that have been sanctioned and/or convicted in relation to the foregoing instances, must be fulfilled by the Mediobanca SGR's ESG Committee, which is described in section 4.6 below, and submitted to the CEO for approval.

Lastly, Mediobanca SGR monitors any severe controversy that arises from the above factors, in order to carry out actions to avoid new investments or to increase outstanding holdings in issuers that could be convicted of the above crimes in the future.

3.2. General inclusion criteria – positive screening

Mediobanca SGR is positive towards companies that show commitment in the area of corporate social and environmental responsibility, ensure respect for human rights, lower emissions, biodiversity, use of clean technologies, protection of minorities, and which adopt and comply with corporate governance policies. Another issue to which particular attention is devoted is the assessment of any serious controversies, even if no conviction has been handed

⁵ Reference is made to the list of non-EU countries with strategic deficiencies in their AML/terrorist financing systems (as per Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 as amended) and to the FATF Blacklist.

⁶ The law introduces a total ban on financing (defined as providing any form of financial support, including, but not limited to, granting credit in any form, releasing financial guarantees, acquiring or subscribing for financial instruments) in companies which, regardless of the legal form in which they are incorporated, based in Italy or elsewhere, directly or via subsidiaries or associates, perform one or more activities (e.g. construction, production, development, assembly, conservation, storage, deployment, use, storage, export, transfer, transport, etc.) connected with antipersonnel mines, cluster bombs and their munitions and sub-munitions, or any kind or composition, or any part of them.

⁷ The list of the companies involved in one or more of the activities covered by the law is kept by the Mediobanca S.p.A. Compliance unit and is sent to the Group Legal Entities on a regular basis.

⁸ An example is an event that, although it gives rise to the controversy, it is not attributable to a problem that may be assessed as structural, in the sense that the conditions for the event to reoccur have ceased to exist, if these were due, say, to deficiencies in the corporate culture, lack of adequate governance or adequate internal supervision.



down, involving the issuer for crimes such as money-laundering, breach of human rights, holding, producing and/or sharing child pornography, and environmental disasters.

In particular, for the portfolios it manages, in order to limit the exposure to issuers or CIUs that do not meet the characteristics described above, the SGR has set a series of maximum investment thresholds in relation to the following cases:

- ◆ Missing rating;⁹
- ◆ Laggard rating;¹⁰
- ◆ Involvement in serious controversies¹¹ (issuers only).

The three cases referred to above are checked in the portfolios against specific thresholds set both at the level of the individual issuer and at the aggregate level (issuer and CIU).

3.3. Consideration of principal adverse impacts on sustainability

Mediobanca SGR:

- ◆ Takes the Principal Adverse Impacts on sustainability into account in line with the ESG objectives defined at Group level, based on international principles and standards on the environment and human rights;
- ◆ Measures the mandatory and additional PAI indicators selected, in order to define the actions to be taken to gradually reduce the adverse impacts on sustainability deriving from the investment decisions over a long-term time horizon;
- ◆ Monitors the selected PAI indicators at the entity level on regular and at least on a quarterly basis;
- ◆ Publicly discloses the information on PAIs, according to Article 4 of Regulation 2088, in a clear and transparent manner, in order to reduce any asymmetry of information between the SGR and end investors, enabling the latter to understand to what degree the SGR, in the course of its investment activities, contributes concretely to the process of reducing adverse impacts on sustainability.

3.3.1. Methodology used for consideration of principal adverse impacts on sustainability

In addition to the mandatory PAIs, Mediobanca SGR identifies and prioritizes PAIs for consideration with their respective indicators based on the following variables:

- ◆ Consistency between the selected PAIs and the ESG objectives set at Group level;
- ◆ For each selected indicator, the availability of data from external sources and the extent to which such data are the results of an estimation process;
- ◆ Coverage of the data required to calculate a specific indicator, with respect to the weight of the issuers/financial instruments in the managed portfolios.

In order to establish a priority for the indicators, the Principal Adverse Impacts on sustainability to which Mediobanca SGR pays most attention, in accordance with the priority areas established in the Group Sustainability Policy (including protection of human rights, diversity

⁹ Companies or CIUs with no ESG rating issued either by MSCI ESG Research LLC or internally by Mediobanca SGR.

¹⁰ Companies or CIUs rated "B" or "CCC", where the rating scale is as follows: "CCC"; "B"; "BB"; "BBB"; "A"; "AA"; "AAA", where "AAA" is the highest ESG rating.

¹¹ This indicator is valid only for companies with an ESG Controversies Score issued by MSCI ESG Research LLC equal to zero (on a scale of 0-10).



and inclusion, and environment and climate change) and in view of the availability of data, are:

- ◆ Greenhouse gas emissions;
- ◆ Board gender diversity;
- ◆ Exposure to controversial weapons.

Furthermore, Mediobanca SGR, in accordance with the decisions taken at Group Legal Entity level regarding the consideration of PAIs, also considers Principal Adverse Impacts at product level. In particular it identifies products that consider PAIs among Regulation 2088 Article 8 and Article 9 products.

For such products, Mediobanca SGR analyses the values of the PAIs defined as priorities at Group Legal Entity level, assigning each of them an objective in terms of maintenance or improvement, and monitoring their achievement through a series of monitoring thresholds. These are defined and reviewed on a regular basis in accordance with product governance processes. Different methods may also be used for taking PAIs into account, that are specific in terms of both methodology and their selection, for individual investment products that pursue specific sustainability objectives. This latter scope also includes products manufactured by Mediobanca SGR, the management of which is delegated to third parties.

Mediobanca SGR has identified an info-provider to source the relevant data required in order to calculate the PAI indicators selected. Nonetheless, the availability and coverage level of issuers cannot be guaranteed, as these depend, among other things, on factors external to Mediobanca SGR and to the info-provider selected.

The methodology used for consideration of PAIs at Group Legal Entity level is described in the Directive on Responsible and Sustainable Investing (ESG).

3.4. Sustainable investments

Regulation 2088 Article 8 and Article 9 products may declare a minimum percentage of sustainable investments as defined by Article 2(17) of the same Regulation. In order to qualify as “sustainable”, the investments must contribute to one or another of the following objectives:

- ◆ Environmental objectives, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, waste and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity or the circular economy; or
- ◆ Social objectives, such as an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities.

Furthermore, for an investment to qualify as “sustainable”:

- ◆ It must not “significantly harm any of the above objectives”; and
- ◆ The investee companies must follow “good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance”.



Mediobanca SGR has developed a methodology that enables it to identify sustainable investments as described above, based on data provided by the selected info-provider and in compliance with the regulatory requirements. It has also defined a process for compliance with the minimum percentages of sustainable investments, where these are required. Different methods can be used to identify sustainable investments and for monitoring processes with individual investment processes that pursue specific sustainability objectives, without prejudice to the need to comply with the requirements set by SFDR Article 2(17). This scope also includes products manufactured by Mediobanca SGR, the management of which is delegated to third parties.

The methods used to identify sustainable investments are described in the Directive on Responsible and Sustainable Investing (ESG).

3.5. Investment decision

The portfolio managers adapt their activities to the provisions of the Policy, and refrain from making investments that are not in line with it. To this end, due account is taken of ESG ratings, alongside more traditional financial metrics (quantitative/qualitative analysis), in order to have a more complete view of the value, risk and potential return of an investment, and also to increase the impact of the investment activity on social and environmental issues, in accordance with the Policy's objectives. For example, where applicable to the investment strategy being pursued, this valuation methodology may take the form of giving priority to issuers with an ESG rating, and assessing specifically and in an indepth manner whether or not to include them in their portfolio, if the ESG rating indicate that there are significant risk characteristics.

3.6. ESG Committee and Control Units

The Mediobanca SGR ESG Committee has an advisory function, contributes to defining the methodology and the environmental, social and governance criteria to be adopted in the selection of issuers, and monitors the achievement of the objectives set forth in this Policy. It also defines the reference criteria for the ESG analysis carried out internally by Mediobanca SGR analysis, and performs monitoring regarding compliance with them. Mediobanca SGR governs the process of ESG investing through a specific Directive, defining in detail the activities and roles of the parties involved, and the means by which the ESG Committee is involved in the process. For further details, reference is made to the Directive on Responsible and Sustainable Investing (ESG) and the ESG Committee Regulations.

The control units check that the principles and criteria defined are applied correctly in practice, each for their own respective area of responsibility.



4 Assessment of sustainability risk

In order to ensure that the regulatory obligations introduced by Regulation 2088 coming into force, Mediobanca SGR has integrated the assessment of sustainability risk into its own decision-making process for investments, with the objective of assessing the possible adverse impacts on the financial return on an investment.

Sustainability risk for environmental issues may include climate risk, for example, both physical and transition. Physical risk derives from the physical effects of climate change, and may be acute or chronic: for example, frequent and high-intensity climate-related events can have an impact on products, services, and the supply chain. Transition risk, by contrast, is related to a company's capability to mitigate and adapt to climate change and to adjust to a low carbon emission economy. The risks linked to social issues may include, but are not limited to, workers' rights and relations with the community, or to issues such as inequality or inclusion, investing in human capital, or accident prevention. Governance-related risks may include, among other things, the composition and effectiveness of the Board of Directors, management incentives, management quality and alignment with shareholder interests, corruption and use of unfair commercial practices. These risks may have an impact on the operating efficiency and resilience of an issuer, and on its public and reputational perception, thus also impacting on its earnings and in turn on the growth of its capital. The above are examples of sustainability risk factors, and the relevance, seriousness, significance and time horizon of such risk factors may vary significantly depending on the products managed, the composition of the portfolios, and the management techniques used.

Sustainability risk and the possibility of an adverse impact being generated from the occurrence of an event related to it is measured, at the individual product level, through the adoption of a qualitative/quantitative methodology based on the same positive screening guidelines illustrated above.

For further details on the methodology and application of sustainability risk, reference is made to the Directive on Responsible and Sustainable Investing (ESG).



5 Engagement

Mediobanca SGR believes that meeting ESG criteria can help to deliver improving performances for investors in the long term. For this reason, at every meeting and/or contact useful for such purposes, Mediobanca SGR undertakes to encourage the companies in which it has invested (or in which it intends to invest), individually or via the Assogestioni Fund Managers' Committee or other collective engagement initiatives, to adopt an open dialogue on the responsibility of their approach, and on how ESG factors affect their activities, in particular with regard to the adoption of best practices in the area of corporate governance. Engagement activity is also performed with a view to achieving the objectives set in terms of reducing the principal adverse impacts on sustainability.

Mediobanca SGR is also committed to “active ownership” practices, to monitoring the performance of issuer companies in ESG areas by taking an active part in the annual general meetings of our investee companies in accordance with the provisions of its “Commitment policy”.



6 Corporate responsibility

Mediobanca SGR, as part of the Mediobanca Group, shares and promotes ESG practices in its operations, with the objective of pursuing a sustainable business and management strategy.

The Mediobanca Group is convinced that fair, transparent and responsible conduct enhances and protects its reputation, credibility and consensus over time, laying the foundations to deliver sustainable growth for the business with a view to creating and protecting value for all stakeholders.

The Mediobanca Group's sustainability strategy is focused mainly on:

- ◆ Tackling corruption, whether active or passive, in accordance with the highest ethical standards;
- ◆ Valorization of staff, with particular attention to protecting and promoting diversity and equal opportunities;
- ◆ Protection of human rights;
- ◆ Promotion of financial health and inclusion;
- ◆ Protection of the environment and reduction of the Group's impact on it, direct and indirect;
- ◆ Sensitivity to social context.

The Group Sustainability Policy, in accordance with the Code of Ethics and Code of Conduct adopted, helps strengthen and implement the values of ethics, integrity and responsibility as a form of respect towards people, the environment and society as a whole.

Mediobanca SGR, as part of the Mediobanca Banking Group, is subject to control and co-ordination by its parent company. With reference to ESG issues in particular, this means that:

- ◆ The Mediobanca S.p.A. Sustainability Committee¹² performs monitoring to ensure that the objectives contained in the Group ESG Policy are met;¹³
- ◆ The Mediobanca S.p.A. Risks Committee assesses and monitors ESG risks;
- ◆ Both Committees report on their activities to the Board of Directors of Mediobanca S.p.A.;
- ◆ The Group's corporate control units carry out the controls required of them, each for their respective area of responsibility.

¹² The Sustainability Committee, appointed by the Board of Directors for the first time on 19 September 2019, has responsibility for preliminary analysis of sustainability matters to be submitted to the Board's approval, including the Group Sustainability Policy in particular.

¹³ https://www.mediobanca.com/static/upload_new/pol/politica-esg_eng_23.pdf.



Annex 1 – Means of recovering ESG parameters

Mediobanca SGR has subscribed to the services of MSCI ESG Research LLC, with the objective of identifying an ESG rating for each individual issuer and CIU, and to have specific analysis available for environmental, social and governance issues.

For corporate issuers, the ESG ratings are sector-specific and are calculated relative to industry peers. The MSCI rating assesses issuers based on their exposure to ESG risks weighted for the specific sector of which they form part (GICS code) and their capability in terms of managing such risks relative to their competitors. The MSCI ESG Rating model measures both the exposure to risk and risk management. The analysis takes into account the degree to which a company has developed strategies and has demonstrated a solid track record in terms of performance in managing its specific level of risks or opportunities.

For government instruments, the MSCI rating, while maintaining an approach based on measuring exposure to risks and risk management, assesses issuers based on different factors to those considered for corporate issuers (e.g. rates of poverty and inequality between the population, management of natural resources, political and institutional stability, etc.), and which are not sector-based.

For CIUs, the MSCI rating is calculated based on the average portfolio ESG scores¹⁴, to which corrections are applied to penalize those funds that are most exposed to laggard issuers or which have a negative ESG trend, and to reward those that are most exposed to issuers with positive ESG trends.

As regards CIUs established and managed by Mediobanca SGR itself, an internal rating is assigned on the basis of the portfolio composition and the ESG scores of the individual underlying instruments provided by MSCI.

If no MSCI ESG rating is available, the Mediobanca SGR analysts and portfolio managers may proceed:

- ◆ With analysis of the issuers by making their own assessment of the degree of attention given to ESG issues based on the behaviour adopted, and on the integration of such criteria into the company's processes;
- ◆ With analysis of the CIUs by making their own assessment of the degree of attention given to ESG issues and how sustainability risk is integrated into the investment process.

The analysis must meet the coverage standards set with regard to the aspects to be considered and the valuation methodology used for them defined at company level.

For private debt instruments, the company is assessed using a questionnaire produced by Mediobanca SGR itself, which allows the issuer's degree of sensitivity to ESG issues to be identified, and, through direct contact with its management, its future sustainability objectives to be gauged.

¹⁴ MSCI assigns the issuer a score ranging from 0 to 10 which is then translated into an ESG rating.