Mediobanca Management Company S.A. – EU Sustainable Finance Disclosure Regulation

Mediobanca Management Company S.A. (the "**Management Company**") makes the following disclosures in accordance with the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**SFDR**")

Pursuant to Article 3 of the SFDR, the Management Company is required to disclose the manner in which sustainability risks (as defined hereafter) are integrated into the investment decision-making process.

A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investments made by the Management Company. In the context of the Management Company, sustainability risks are risks which, if they were to crystallise, would cause a material negative impact on the value of the portfolios of the funds managed by the Management Company.

Such risks are principally linked to climate-related events resulting from climate change (i.e. physical risks) or to the society's response to climate change (i.e. transition risks), which may result in unanticipated losses that could affect an investment. Sustainability risks can also affect companies by introducing social risks (e.g. gender gaps, social inequality) and governance risks (e.g. bribery issues, selling practices).

Such risks are notably considered in the context of the Management Company 's policy on responsible lending and investing. In this context, and as part of Mediobanca Group, the Management Company has implemented exclusionary screenings. If the mandatory requisites are met, the Management Company proceeds with the phase of assessment of ESG indicators during the selection processes where the analysts and portfolio managers of Mediobanca Group carry out an assessment of the degree of emphasis placed on ESG issues, based on the conduct implemented in practice and the degree to which such criteria are incorporated into the company's processes. The company's ability and enthusiasm to improve its ESG processes internally are seen as positive factors in the final assessment (engagement activity).

For environmental factors, the objective is to understand the environmental risk which the company faces, the potential impact of this on its operating performance, competitiveness and reputation, and the policies which a government issue pursues in this connection.

As far as social factors are concerned, the objective is to appraise how certain issues are managed, such as labour, health and safety in the workplace, and relations with the community, and to understand the potential for reputational or litigation risk.

In terms of corporate governance, the assessment considers the company's governance standards, to identify any problems and analyses the related potential risks. The assessment also considers institutional factors, such as the political stability of a country, civil liberties, political rights, etc.

Following this due diligence process sustainability risks will be taken into account in the investment decision to the extent that they represent potential or actual material risks to maximizing the long-term risk-adjusted returns of the funds.

No consideration of sustainability adverse impacts

For the moment, the Management Company does not consider the adverse impacts of investment decisions on sustainability factors in the manner prescribed by Article 4 of the SFDR as there is no sufficient data available in satisfactory quality to allow the Management Company to adequately assess the potential adverse impact of its investment decision on sustainability factors and a clearly defined European regulatory framework on this matter is still missing.

The position will be kept under review as the underlying rules are finalised and are embedded in the short to medium term.

Remuneration policy

The Management Company pays its staff in accordance with its remuneration policy, in line with the Mediobanca Group’s remuneration policy, which takes into account compliance with all of the Management Company's internal risk management framework and internal policies, including those relating to the integration of sustainability risks. In this regard, the Management Company’s remuneration policies do not encourage risk-taking which is inconsistent with its internal risk limits or with the risk profile of the funds that the Management Company manages, including regarding sustainability risks stemming in particular from climate-related events or from the society’s response to climate change.