VALORI
ASSET MANAGEMENT

ESG POLICY

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1. Objective

The objective of the ESG Investment Policy is to provide a detailed description of the activities carried out towards the appropriate integration of Sustainability criteria into the management of the Sub-Funds on of private clients' portfolios for which Valori Asset Management (hereafter the "Company") performs the function of Investment Manager .

2. Regulatory Framework

The Policy has been drawn up pursuant to the European Union's Sustainable Finance Disclosure Regulation (SFDR), which imposes transparency and sustainability related disclosure requirements to Financial Markets Participants (FMP).

The Company is required to disclose the manner in which sustainability risks, within the meaning of SFDR, are integrated into the investment decision and the results of the assessment of the likely impacts of sustainability risks on the returns of managed portfolios.

3. Definitions

For the purpose of the Policy, and aligned with the Regulation, the following definitions apply:

- "Sustainable Investment" means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact 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 tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices;
- "Sustainability Factors" mean Environmental, Social and Governance (ESG), hereafter also referred to as "ESG" or "ESG Factors";
- "ESG Investing" refers to the integration of Sustainability Factors into the investment decision-making process. Typically, market participants will consider the risk and rewards of a broad range of ESG criteria on which companies are measured.

4. ESG Issues

ESG issues are the set of topics that, though, are difficult to measure in monetary terms, have emerged as decisively when evaluating risks and rewards of investments. Although there is no exhaustive list of such issues, the following examples can be considered:

Environmental Issues	Social Issues	Governance Issues
Climate Change	Human Rights	Board Composition
Air and Water Pollution	Data Protection and Privacy	Bribery and Corruption
Biodiversity	Gender and Diversity	Executive Compensation
Deforestation	Labor Standards	Political Contributions
Waste Management	Community Relations	Whistleblowing schemes

Source: CFA Institute

5. ESG Tools used by the Company

The Company has adopted different tools depending on the asset class considered: Corporate shares and corporate bonds sustainability rating is calculated using Sustainalytics Ltd and Bloomberg ILC data. Sovereign debt sustainability rating is calculated using the Global Sustainable Competitiveness Report (Solability), the Prosperity Index (Legatum Institute) and the Corruption Perceptions Index (Transparency International). Funds analysis takes into consideration various criteria: disclosure of ESG policy and investment criteria, main holdings, and others. Sustainability ratings for Funds used in clients' portfolios is based on data provided by Morningstar and Fundinfo.

6. ESG Scores

Each portfolio must ensure that at least 65% of its assets are rated in terms of sustainability, and overall AuM of Valori Asset Management must exceed 80% of sustainability-rated assets.

6.1 Minimum requirements for bonds

Each portfolio must ensure that at least 65% of its bond portfolio assets are rated in terms of sustainability.

Within its rated assets, each portfolio must ensure an average score of minimum 30% on the ESG RISK PERCENTILE SUB INDUSTRY metric. This ranking measures how well a company is protected against ESG risks that are considered material from a financial perspective, whereas 1% is the best positioned, and 100% the worst positioned.

Within its rated assets, each portfolio must account at least 80% of its securities which display at least 2 management score data among: EMISSION, EFFLUENTS AND WASTE / CARBON OWN OPERATIONS / HUMAN CAPITAL / PRODUCT GOVERNANCE. The score of each datapoint suggests how well a company is able to manage its risk in the descripted area, whereas 100 is the best score, and 0 the worst score. The average thresholds that must be exceeded for the different datapoints are the following:

Table 1.

Emission, Affluents and Waste	50
Carbon Own Operations	55
Human Capital	40
Product governance	35

6.2 Minimum requirements for equities

Each portfolio must ensure that at least 65% of its equity portfolio assets are rated in terms of sustainability.

Within its rated assets, each portfolio must ensure an average score of minimum 30% on the ESG RISK PERCENTILE SUB INDUSTRY metric. This ranking measures how well a company is

protected against ESG risks that are considered material from a financial perspective, whereas 1% is the best positioned and 100% the worst positioned.

Within its rated assets, each portfolio must account at least 80% of its securities which display at least 2 management score data among: EMISSION, EFFLUENTS AND WASTE / CARBON OWN OPERATIONS / HUMAN CAPITAL / PRODUCT GOVERNANCE. The score in each data point suggests how well a company is able to manage its risk in the descripted area, whereas 100 is the best score, and 0 the worst score. The average thresholds that must be exceeded for the different datapoints are the following:

Table 2.

Emission, Affluents and Waste	50
Carbon Own Operations	55
Human Capital	40
Product governance	35

7. ESG Screening

The Company intends to perform a periodical Screening based on ESG criteria, supported by the adopted tools for scoring, research and monitoring. The goal of such screening is to determine Investable Universe and Exclusion Lists.

The Screening methods selected by the Company are the following:

- Positive Screening: refers to the assessment of the asset universe based on positive ESG criteria. This screening method, rather than excluding eligible assets, selects those that reflect high quality responsible business practices. The method will be used to determine the Investable Universe with the highest ESG quality, allowing the Investment Manager to adequately allocate investments into assets with a preidentified superior ESG opportunity.
  For instance, a screening of USD and EUR equities with an ESG Score ranked in the top 10 percentile of the equities universe available in Bloomberg, resulting in an Investable Universe of 387 equities.
- Negative or Exclusionary Screening: refers to the assessment of the asset universe on the basis of negative ESG criteria and factors identified as potential risks or ethical issues, this method will determine the Exclusion Lists, allowing the Investment Manager to adequately prevent ESG-related risks and breaches.;
- Goal Based: refers to the assessment of the asset universe incorporating particular exposure targets to ESG criteria. For instance, screening asset universe with the target of achieving a carbon-neutral portfolio.

These methods are not mutually exclusive and will be often used in combinations, depending on the requirements and characteristics of the assets under management.

8. ESG Considerations in the Investment Process

The Company engages to take into consideration a wide selection of sustainability topics, ranging from labor to pollution, and will assess the overall quality of the assets it intends to invest

in by understanding their ESG factors. The Company aims to perform an ESG-based due diligence, for which it has adopted and integrated ESG considerations into its Investment process.

In this sense, the Company's Investment Process has incorporated the following guidelines:

- Investment Research and Analysis: consideration of ESG risks and opportunities as an integral part of our fundamental analysis, consistent with the scoring and monitoring tools.
  If the analysis leads the Company to believe that the past, current or anticipated ESG factors of a particular issuer or asset are material to its expected returns, we will address the concern will be addressed and assessed. However, the analysis may or may not lead to decisions to include, avoid or modify exposures.
- Portfolio Construction and Monitoring: determining the most favorable asset allocation, considering the ESG Factors and sustainability objectives of each portfolios. In addition, the Company will perform periodical monitoring of ESG scores.

ESG considerations will vary by objectives, sectors and market trends; as such, the Investment Process may be adjusted alongside the course.

9. Oversight and Ongoing Monitoring

The ESG consideration and integration is a firm-wide approach, as such, all of the Company's functions seek to ensure the consistency and quality in sustainability factors. Nonetheless, it will be the responsibility of the Compliance, Risk Management and Portfolio Management Functions, to oversee and monitor actively the exposure to ESG risks or opportunities.

The Company's Investment Committee will oversee the investment process consistency with ESG considerations, across the portfolios under management.

Portfolio analysis and monitoring with respect to the above mentioned requirements will be performed on a regular basis, alongside with periodic asset allocation reviews and re-balancings. An overall analysis must be guaranteed at least once yearly.
In case of misalignment, an alert is raised and a deadline of 6 months is given to align with the sustainability policy rules. After this deadline a new monitoring is performed. Should new misalignements emerge, a final deadline of 1 month is assigned to comply with the rules. After this deadline, the Investment Committee will enforce the policies and immediately align the portfolios within the rules.

10. Organisational

The Sustainability Policy will be reviewed every year by the Investment Committee and the Compliance and Risk Officer.