
SFDR Annual Report:

Principal Adverse Sustainability Impacts (PASI) Statement

June 30, 2023

PORTFOLIO NAME: Fineco Asset Management : Q1 – Q4 2022

AS OF DATE: January 1st, 2022 - December 31st, 2022

Summary

Fineco Asset Management (635400OVUMFYZGQ43469) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Fineco Asset Management.

This principal adverse sustainability impacts statement covers the reference period from 1 January 2022 to 31 December 2022. As of the date of this statement, Fineco AM uses MSCI ESG Manager as its sole third party data service provider in respect of environmental, social and governance data. This PAI statement has been compiled using underlying Fineco AM portfolio holdings which have been run through MSCI ONE. On this basis Fineco AM is reliant on the methodology and the data coverage made available by MSCI which may be subject to change.



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INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions						
I. GHG Emissions	Scope 1 GHG emissions	1,036,409.10	91.68%	N/A	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	<p><i>Applicable for Adverse Sustainability Indicators 1-6</i></p> <p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact. UN Global Compact Principles 7, 8 and 9 mean operating in ways that, at a minimum, meet fundamental environmental responsibilities.</p>
	Scope 2 GHG emissions	193,498.32	91.68%	N/A	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	<p>Exclusions: Fineco AM has an exclusion policy which covers the exclusion of activities with highly negative climate impacts. Fineco AM restricts investments in thermal coal as it is one of the highest carbon-emitting sources of energy in the global fuel mix. Separately, Arctic drilling poses higher risks of spills compared to conventional oil and gas exploration and has potential irreversible impacts on the sensitive Arctic ecosystem. Fineco AM refrains from investing in:</p> <ul style="list-style-type: none"> • Securities issued by entities that derive more than 10% of their revenue from thermal coal extraction. • Securities issued by entities that derive more than 10% of their revenue from arctic drilling.
	Scope 3 GHG emissions	6,829,796.60	91.53%	N/A	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	<p>Proxy Voting: For internally managed funds, Fineco AM uses the Institutional Shareholder Services ("ISS") voting platform and proxy voting recommendations for all the Environmental related resolutions in which we vote. ISS provides voting recommendations based on Fineco AM's selected sustainability voting policy. Fineco AM generally vote against the board chair, or the responsible incumbent directors, in cases where sustainability advisory services determines that the company is not taking the minimum steps needed to understand, assess, and mitigate risks related to climate change to the company and the larger economy. An example of some of the information considered includes:</p> <ul style="list-style-type: none"> • Paris Agreement Goals (Scope 1, 2, & 3 if relevant). • Whether the company has sought and received third-party approval that its targets are science-based. • The extent to which the company's climate related disclosures are in line with the TCFD recommendations and meet other market standards. • The company's related commitment, disclosure, and

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						performance compared to its industry peers.
						In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.
	Total GHG emissions	8,061,387.07	91.53%	N/A	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	<p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p>

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Greenhouse Gas Emissions						
2. Carbon Footprint	Carbon Footprint	455.47	91.53%	N/A	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	<p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p> <p>In 2023, Fineco AM plans to join Climate Action 100+, a collective engagement initiative aimed at ensuring that the world's largest corporate greenhouse gas emitters take necessary action on climate change.</p>
3. GHG intensity of investee company	GHG Intensity of investee companies	650.10	96.90%	N/A	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	<p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.94%	96.74%	N/A	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	

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Greenhouse Gas Emissions						
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production	69.28%	82.24%	N/A	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	
6. Energy consumption intensity per high impact climate sector	NACE Code A (Agriculture, Forestry and Fishing)	0.50	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)	
	NACE Code B (Mining and Quarrying)	2.33	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)	
	NACE Code C (Manufacturing)	0.68	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)	

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Greenhouse Gas Emissions						
	NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	8.96	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	
	NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	1.76	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	
	NACE Code F (Construction)	0.23	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)	
	NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.61	84.88%	N/A	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	

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Greenhouse Gas Emissions						
	NACE Code H (Transportation and Storage)	2.17	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage)	
	NACE Code L (Real Estate Activities)	0.62	84.88%	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)	
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	0.48%	96.83%	N/A	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.	<p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact. UN Global Compact Principles 7, 8 and 9 mean operating in ways that, at a minimum, meet fundamental environmental responsibilities.</p> <p>Proxy Voting: For internally managed funds, The Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder</p>

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						<p>proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
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Water						
<p>8. Emissions to water</p>	<p>Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average</p>	<p>425.89</p>	<p>1.39%</p>	<p>N/A</p>	<p>The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio . Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).</p>	<p>Proxy Voting: For internally managed funds, The Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p>

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Waste

9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	1.56	30.82%	N/A	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	<p>Proxy Voting: For internally managed funds, The Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p>
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INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	1.28%	97.28%	N/A	<p>The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.</p>	<p>Proxy Voting: For internally managed funds, The Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p> <p>Additionally, in 2022, Fineco AM joined UN PRI's Advance as both a lead and collaborating investor. Advance is a stewardship initiative where institutional investors work together to take action</p>

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						<p>on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities, and society.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
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SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters						
II. 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	42.33%	96.68%	N/A	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	<p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact.</p> <p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>

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<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>14.52%</p>	<p>27.03%</p>	<p>N/A</p>	<p>The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.</p>	<p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact. Principles 6 (the elimination of discrimination in respect of employment and occupation) means operating in ways that, at a minimum, meet this fundamental labour responsibility.</p> <p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM evaluates gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit. The Sustainability policy recommendation will generally vote against or withhold from the chair of the nominating committee if the board lacks at least one director of an underrepresented gender identity.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e., engage/exclude/divest) with respect to indicators of the constituents of the delegate managed funds which are under performing expectations.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
<p>13. Board gender diversity</p>	<p>Average ratio of female to male board members in investee companies</p>	<p>35.87%</p>	<p>95.57%</p>	<p>N/A</p>	<p>The portfolio holdings' weighted average of the ratio of female to male board members.</p>	<p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact. Principle 6 (the elimination of discrimination in respect of employment and occupation) means operating in ways that, at a minimum, meet this fundamental labour responsibility.</p> <p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM evaluates gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit. The Sustainability policy recommendation will generally vote against or withhold from the chair of the nominating committee if the board lacks at least one director of an underrepresented gender identity.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios</p>

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Social and employee matters						
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	0.02%	96.74%	N/A	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	<p>Exclusions: Fineco AM refrains from investing in securities issued by entities involved in the production or product life cycle of controversial weapons. Fineco AM considers the following categories to be controversial weapons:</p> <ul style="list-style-type: none"> ▪ Biological & Chemical Weapons ▪ Cluster Munitions ▪ Depleted Uranium ▪ Landmines ▪ Nuclear Weapons <p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate manager to ensure that they themselves are taking appropriate action (i.e.,</p>

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INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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Environmental

15. GHG Intensity	GHG intensity of investee countries	337.24	94.28%	N/A	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP)	<p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.</p> <p>Sovereign ESG Rating: For internally managed funds Fineco AM utilizes an assessment of good governance practices based on MSCI ESG Government Ratings. This is a letter rating which reflects how countries' exposure to and management of environment, social, and governance (ESG) risk factors may affect the long-term sustainability and long-term competitiveness of their economies. Managing these risks effectively has an important bearing on the long-term attractiveness of the country as an investment destination.</p> <p>Engagement: For investment funds where</p>
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SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

Principal adverse sustainability impacts statement

						<p>Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate Principle Adverse Impact Indicators on an ongoing basis, with emphasis on those managers underperforming expectations.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
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SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

Principal adverse sustainability impacts statement

Social

<p>16. Investee countries subject to social violations</p>	<p>Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law</p>	<p>5</p>	<p>94.28%</p>	<p>N/A</p>	<p>The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports</p>	<p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p>
	<p>Number of investee countries subject to social violations (relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law</p>	<p>5.31%</p>	<p>94.28%</p>	<p>N/A</p>	<p>The portfolio's percentage of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports</p>	<p>Sovereign ESG Rating: For internally managed funds Fineco AM utilizes an assessment of good governance practices based on MSCI ESG Government Ratings. This is a letter rating which reflects how countries' exposure to and management of environment, social, and governance (ESG) risk factors may affect the long-term sustainability and long-term competitiveness of their economies. Managing these risks effectively has an important bearing on the long-term attractiveness of the country as an investment destination.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate Principle Adverse Impact Indicators on an ongoing basis, with emphasis on those managers underperforming expectations.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>

SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS						
Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	N/A	N/A	N/A	Not currently available	
Energy efficiency						
18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Not currently available	

SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

Additional climate and other environment-related indicators

Other indicators for principal adverse impact:

The additional adverse sustainability indicators selected for analysis by Fineco Asset Management are i) Emissions: Investments in companies without carbon emission reduction initiatives and ii) Human Rights: Lack of human rights policy, both detailed below.

Adverse Sustainability Indicator	Metric	Impact 2022	Coverage	Impact (year n-1)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions						
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	29.36%	96.86%	N/A	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	<p>Proxy Voting: For internally managed funds, Fineco AM uses the Institutional Shareholder Services ("ISS") voting platform and proxy voting recommendations for all the Environmental related resolutions in which we vote. ISS provides voting recommendations based on Fineco AM's selected sustainability voting policy. Fineco AM generally vote against the board chair, or the responsible incumbent directors, in cases where sustainability advisory services determines that the company is not taking the minimum steps needed to understand, assess, and mitigate risks related to climate change to the company and the larger economy. An example of some of the information considered includes:</p> <ul style="list-style-type: none"> • Paris Agreement Goals (Scope 1, 2, & 3 if relevant). • Whether the company has sought and received third-party approval that its targets are science-based. • The extent to which the company's climate related disclosures are in line with the TCFD recommendations and meet other market standards. <p>In 2023, Fineco AM plans to progress towards a proxy voting policy with an enhanced climate focus.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate Principle Adverse Impact Indicators on an ongoing basis, with emphasis on those managers underperforming expectations.</p> <p>In 2023, Fineco AM plans to join Climate Action 100+, a collective engagement initiative aimed at ensuring that the world's largest corporate greenhouse gas emitters take necessary action on climate change.</p>

SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

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

Human rights						
9. Lack of a human rights policy	Share of investments in entities without a human rights policy	9.79%	96.57%	N/A	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	<p>UNGC: As signatories to the UN Global Compact Fineco AM follows the principles of responsible investing and refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact. Principles 1-6 mean operating in ways that, at a minimum, meet fundamental human rights and labour responsibilities.</p> <p>Exclusions: Fineco AM restricts investments in entities that contravene the UN Global Compact labour-related principles and International Labour Organization's ("ILO") broader set of labour standards which cover areas such as; Forced Labor, Child Labor, Discrimination, Collective Bargaining, Working hours and Health and Safety. These offenses relate to slavery, servitude and forced or compulsory labour. Global Norms Screening does not address the absence of positive initiatives, focusing only on involvement in controversies that may represent a violation of the ILO conventions.</p> <p>Proxy Voting: For internally managed funds, the Sustainability Policy used by Fineco AM addresses various topics by incorporating controversy content and considering shareholder proposals. If severe controversies or a lack of sustainability reporting are identified, adverse voting recommendations will be made. ISS Sustainability Policy voting recommendation follows international guidelines like the UNGC and OECD's Responsible Business Conduct, assessing alleged violations in areas such as environment, human rights, labour rights, corruption, consumer protection, and ethics & governance. Shareholder proposals are evaluated based on their merits and alignment with the policy's framework.</p> <p>Holding Level ESG Rating: Internally managed Fineco AM Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings, which ensures a positive tilt of portfolios towards higher-rated ESG holdings. MSCI ESG methodology derives a rating based on a multi-faceted approach which incorporates key factors under ESG Pillars. Through the application of minimum MSCI ESG rating, Portfolio Managers are ensuring a positive tilt towards higher rated holdings and away from lower rated holdings.</p> <p>Engagement: For investment funds where Fineco AM delegates the investment management duties to a third party, Fineco AM will conduct thorough initial and ongoing investment ESG due diligence, part of which is formed by consideration of the Principle Adverse Impact Indicators. Additionally, Fineco AM will engage with the delegate Principle Adverse Impact Indicators on an ongoing basis,</p>

SFDR Report: Principal Adverse Sustainability Impacts (PASI) Statement

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

						<p>with emphasis on those managers underperforming expectations.</p> <p>Additionally, in 2022, Fineco AM joined UN PRI's Advance as both a lead and collaborating investor. Advance is a stewardship initiative where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities, and society.</p> <p>For further information on Fineco AM's policies see: ESG and responsible investments Fineco Asset Management</p>
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Description of policies to identify and prioritise principal adverse sustainability impacts

Methodology to Identify and Prioritise Principal Adverse Sustainability Impacts:

In line with SFDR measures, Fineco Asset Management commits to considering principal adverse impacts of its investment decisions on sustainability factors as part of its investment decision making process and investment due diligence process and procedures. Principal adverse impacts are considered on an ongoing basis by monitoring the fund portfolio against mandatory and additional PAI indicators using an internally developed monitoring process and database. At a fund level, principal adverse impacts are prioritised based on materiality relative to the objectives or characteristics of the fund, provided that all minimum standards are met. Information on how the principal adverse impacts were taken into account will be provided in the fund's annual report.

There are three major pillars to Fineco Asset Management's approach to PAI:

- Consideration (via Engagement)
- Integration (via Ongoing Monitoring and Governance)
- Disclosure (via Periodic Reporting)

At Fineco Asset Management, principal adverse impacts on sustainability factors are integrated and considered for SFDR Article 8 and Article 9 Funds. As SFDR Article 6 Funds neither promote environmental and/or social characteristics nor have a sustainable investment objective, principal adverse impacts on sustainability factors for such funds are not considered at financial product level. Notwithstanding the above, Fineco Asset Management does calculate and report the principal adverse impacts on sustainability factors for SFDR Article 6 funds as part of its overall assessment at entity level under Article 4 of the SFDR.

PAI Consideration (via engagement):

PAI Indicators are calculated at fund level. The results will be compared with that of a chosen proxy benchmark representative of the fund's investment universe and/or peers. These calculations will be used as the basis of assessment of adverse impacts on sustainability factors in order to determine what the Portfolio Managers/Investment Managers can improve at fund level and where the Portfolio Managers/Investment Manager can engage with relevant issuers to improve on such indicators. PAI reports will be made available to all Portfolio Manager/Investment Managers and the ESG experts will engage with them to seek improvements in indicator results over time through the investment process. Any new factors which may require attention may also be identified on a quarterly basis.

For Fineco Asset Management's funds that make fund-of-fund investments, a tailored due diligence process is applied to the fund selection process, that includes due diligence on principal adverse impact and good governance.

PAI Integration (via ongoing monitoring and oversight):

Fineco Asset Management aims to manage the risks connected to potential adverse sustainability impacts in several ways, including via general screening criteria, surveillance of norms breaches, MSCI ESG scoring system and engagement with clients and investees. In addition Fineco Asset Management will look to monitor and evaluate principle adverse impact indicators. At a fund level, principle adverse impact indicators are prioritised given the sustainable objectives or characteristics of the fund, provided that all minimum standards are met. Following this, Fineco Asset Management makes use of a range of processes to identify principal adverse impacts:

1. As a minimum standard, Fineco Asset Management identifies and mitigates principal adverse impact through the application of the Fineco Asset Management exclusion policy. The exclusion policy covers activity-based exclusions with a high occurrence of adverse impact (e.g. controversial weapons). Please refer to our Exclusion Policy for more information.

2. Through the investment process, via the Principal Adverse Impacts Consideration Procedure, additional principal adverse impacts can be identified. Tools for the identification include sector specific materiality, external ESG data provider research and regular PAI reporting dashboards that combine evaluation of a company's sustainability performance on many aspects. The worst performing issuers, or "negative outliers" will be analysed by our Investments team for consideration. The following actions may be taken;

- Engagement: The issuer is identified as a candidate for an engagement case. This can be due to various reasons such as the issuer's PAI performance, either overall or on certain indicators, or low data coverage for the issuer compared to benchmark. The ESG experts engages with the issuer and tracks performance after the engagement based on relevant PAI-related KPIs.
- Exclusion: The issuer is deemed not eligible for Fineco Asset Management investments, and is added to our exclusion list.
- No action: The PAI indicator level of the issuer is deemed acceptable or judged not to reflect the actual ongoing performance of the company, and no further action is needed at this point. The issuer will continue to be assessed on an ongoing basis.

PAI Disclosure (via periodic reporting):

From June 2023 onwards, Fineco Asset Management will publish its annual Principle Adverse Sustainability Impact Statement on the company website. The 30th June 2023 statement will cover the reference period from 1st January to 31st December.

Governance:

The Sustainable Finance Committee ("SFC") oversees Fineco Asset Management's performance with regards to Principal Adverse Impact and will evaluate and approve the Principal Adverse Impact Statement on a yearly basis. On a quarterly basis, an overview of PAI reporting and engagement activity will be presented to the SFC. In the event that there are concerns in respect of the trajectory or level of responsiveness from relevant Portfolio Managers/Investment Managers regarding PAI consideration, the SFC may then make a decision as to what action should be taken.

Data Sources:

Fineco Asset Management are using MSCI's reporting platform (MSCI One) for its annual Principle Adverse Sustainability Impact Statement reporting. MSCI One's reporting platform leverages MSCI's extensive ESG and sustainability data coverage of corporate and sovereign issuers to capture required data points, and provides full adherence to regulatory technical standards for calculation methodology and presentation.

Furthermore, as part the ongoing consideration process Fineco Asset Management has developed an in house PAI database and assessment tool which allows us to identify and prioritise Principle Adverse Impacts on sustainability factors by highlighting issuers which are outliers on specific indicators or which exhibit high adverse impacts across several indicators. Portfolio data is reviewed against an appropriate benchmark for indicative comparison purposes. This assists the identification of specific areas where a fund's profile may be out of line with what might be generally expected based on the fund's broad investment universe, thereby prompting further investigation.

The Principle Adverse Impact Indicators that are taken into consideration are subject to data availability and may evolve with improving data quality.

Engagement policies

Corporate Engagement:

At Fineco Asset Management, we believe that Responsible Investing means integrating ESG risks and factors in our business activities, identifying sustainable outcomes and where deemed appropriate, taking actions to promote same. Fineco Asset Management actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. We undertake a range of engagement activities with Portfolio Managers/Investment Managers and issuers in order to affect and influence these to improve their ESG-related practices. This includes engagement as a result of identifying and analysis of improvements that could be made in relation to PAI indicators.

Collective Engagement:

Direct Engagement consists of a constructive dialogue between institutional investors and investee companies to discuss how they manage ESG risks and seize business opportunities associated with sustainability challenges. Within our engagement programs, we consider the principal adverse impacts in relation to areas such as greenhouse gas emissions, biodiversity, water and social and employee matters. Given our size and scale, we believe that the best way to promote improved market practices is through active membership in collaborative platforms. The most important principles for engagement followed by Fineco Asset Management are the UN Global Compact and UN PRI and therefore we have joined UN PRI Collective engagement initiatives. Through initiatives such as the “UN PRI Advance; a stewardship initiative for human rights and social issues”, Fineco Asset Management can collaborate with other investors to engage with companies with the objective to advance human rights and positive outcomes for people. Under these circumstances, we will take an active role in collaborative engagement by promoting stewardship beyond corporate dialogue through;

- Voting Escalation
- Investment chain engagement
- Sector-level engagement
- Policy engagement

Proxy Voting:

Existing arrangements for voting also capture exercise of voting rights as a shareholder on PAI indicators. Fineco Asset Management uses the Institutional Shareholder Services (“ISS”) voting platform and proxy voting recommendations for all of the meetings in which we vote. Fineco Asset Management has incorporated sustainability considerations into our voting approach through subscribing to the ISS International Sustainability policy and proxy voting guidelines. ISS has developed proxy voting guidelines that are consistent with the objectives of sustainability-minded investors and fiduciaries. On matters of ESG import, ISS’ Sustainability Policy seeks to promote support for recognized global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labour practices, non-discrimination, and the protection of human rights. Generally, ISS’ Sustainability Policy will take as its frame of reference internationally recognized sustainability-related initiatives such as the United Nations Environment Program Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UNPRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), Ceres Roadmap 2030, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives. Each of these efforts promote a fair, unified and productive reporting and compliance environment which advances positive corporate ESG actions that promote practices that present new opportunities or that mitigate related financial and reputational risks. For further information in relation to our ESG Voting policies and Stewardship initiatives, please refer to our Responsible Investment policy

References to international standards

Our application of PAI builds on relevant international conventions and norms, including, but not limited to:

- United Nations Global Compact
- United Nations Principles for Responsible Investment
- International Labour Organization Conventions (ILO)
- Paris Agreement under the United Nations Framework Convention on Climate Change
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- UN Convention on Corruption
- Convention on Cluster Munitions
- United Nations Environment Programme Finance Initiative

Historical comparison

Fineco Asset Management’s 2023 Principle Adverse Sustainability Impact Statement covers the reference period from 1st January 2022 to 31st December 2022. The earliest historical comparison will be provided in June 2024.

For further information on Fineco Asset Management’s policies see: [ESG and responsible investments | Fineco Asset Management](#)



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Fineco Asset Management D.A.C. is part of the FinecoBank Group. Fineco Asset Management D.A.C. is regulated by the Central Bank of Ireland.