
Responsible Investment Policy

FINECO ASSET MANAGEMENT DAC

Legal and Investments Team

Team: Sustainability Investment Team

Date of approval of SFC: 28 November 2024

Date of approval of Board of Directors: 4 December 2024

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Background

Fineco Asset Management Dac (“Fineco AM” or the “Company”) is an authorised UCITS Management Company. We believe that safeguarding economic, environmental, and social assets is a prerequisite for a healthy economy and as such it is our responsibility to deliver attractive returns by supporting international norms and being a responsible investor. We also believe that companies that fail to incorporate Environmental, Social and Governance (“ESG”) related elements into their business models and decision-making can be exposed to significant ESG risks, while companies that address these issues can gain a competitive advantage while providing an attractive range of investment options to investors. Therefore, Fineco AM as a company, has committed to managing its funds in a responsible and sustainable manner.

At Fineco AM, we believe responsible investing means integrating ESG risks and factors in our business activities, identifying sustainable outcomes, and, where deemed appropriate, taking action to promote them. By systematically integrating ESG criteria into investment analysis and decision making, we aim to better manage risks. Our approach to ESG integration is tailored to the specific product type, including its SFDR classification¹, strategy, and asset class, ensuring that ESG considerations are embedded across the entire investment process.

These ESG-integrated strategies leverage ESG research to inform and improve investment decisions, focusing on identifying and managing risks and opportunities in the investment selection process. As part of our commitment to sustainability, we adopt active ownership practices by applying sustainability-led principles to our proxy voting activities—the process of voting on shareholder resolutions and corporate governance matters on behalf of our clients—to drive positive corporate behaviour and promote long-term value creation. Proxy voting allows shareholders to engage with companies without the need to attend meetings in person, ensuring that their votes are still counted on important matters such as elections of directors, mergers, or other corporate decisions. This process enhances shareholder participation, promotes more inclusive decision-making, and ensures that company decisions reflect the interests of a broader range of stakeholders. Additionally, it helps companies realise quorum requirements for meetings, enabling them to conduct business efficiently. To achieve this, Fineco AM utilises the Institutional Shareholder Services (“ISS”) voting platform and receives proxy voting recommendations for all meetings where we participate in voting. Our Proxy Voting and Sustainability Policies are applicable to all our eligible holdings, irrespective of the investment objectives or SFDR classification.

¹ Regulation (EU) 2019/2088

ISS (Institutional Shareholder Services)

Fineco AM has subscribed to the ISS International Sustainability Policy which is consistent with the objectives of sustainability-minded investors. ISS’s Sustainability Policy promotes support for globally recognised bodies that advocate for sustainable business practices, including environmental stewardship, fair labour practices, non-discrimination, and the protection of human rights.

The voting policy framework draws on internationally recognised sustainability initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact, the Global Reporting Initiative (GRI), the Carbon Principles, the International Labour Organization (ILO) Conventions, the Ceres Roadmap 2030, the Global Sullivan Principles, the MacBride Principles, and relevant European Union environmental and social directives.

These initiatives help create a consistent and productive framework for reporting and compliance, encouraging positive corporate ESG actions that mitigate financial and reputational risks while creating new opportunities.

According to the ISS Sustainability Policy, ISS issues a proxy voting recommendation, which is in line with defined sustainability principles. Fineco AM will consider the recommendation, analysing same prior to actioning the vote, having full discretion as to whether the final decision is to vote in accordance with the ISS recommendation. In instances where the decision is not to vote in line with the ISS recommendation, an explanatory narrative will be provided within the ISS system for record purposes.

Scope of Proxy Voting Policy

Fineco AM aims to vote on all equity holdings within our internally managed funds. With regards to delegate strategies (portfolios managed by external delegate investment manager – “Delegate”) appointed by Fineco AM under its supervision at all times), the voting practices applied by Delegate fund managers will be assessed through investment due diligence as part of the process for integrating sustainability risks into investment decisions.

The Proxy Voting Policy also applies to passively managed index-tracking funds (both physical and synthetic replication) as far as the underlying securities held have voting rights.

The below outlines the strategies of funds under Fineco AM’s management that are in scope with our proxy voting practices:

Strategy Type	Proxy Voting Policy (to the extent that voting rights apply)
Delegate Strategies	No
Direct Exposure	Yes (where relevant*)
Indirect Exposure via derivative instruments and underlying funds	No
Funds of Funds	No
Passively managed strategies with physical replication	Yes (where relevant*)

Passively managed strategies with synthetic replication	Yes (where relevant*)
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*Relevant refers to equity types of holdings carrying voting rights.

Fineco AM takes ISS Sustainability Voting Policy as its frame of reference for internationally recognised sustainability-related initiatives. Each of these efforts promotes a fair, unified, and productive reporting and compliance environment which advances positive corporate ESG (Environmental, Social, and Governance) actions that promote practices that present new opportunities or that mitigate related financial and reputational risks.

On matters of corporate governance, executive compensation, and corporate structure, the Sustainability Policy guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance.

Key Sustainability Voting Policy considerations

ISS's Sustainability Policy supports shareholder proposals that align with established environmental, social, and governance (ESG) standards, aiming to enhance long-term value for both shareholders and stakeholders. Some of the Key Sustainability policy considerations include “G” (Governance) and “E” (Environmental) based sections as follows:

- Operational Items: e.g., Financial Results/Director and Auditor Reports, Approval of Non-Financial Information Statement/Report, Appointment of Auditors and Auditor Fees / Internal Auditor
- Board of Director’s: - e.g., Independence, composition, Director Elections; Diversity, Material ESG Failures, Climate Accountability
- Capital Structure: e.g., Share Issuance Requests, Increases in Authorised Capital etc.
- Compensation: e.g., Executive Compensation-Related Proposals, Non-Executive Director Compensation, Equity-Based Compensation Guidelines
- Environmental & Social: e.g., Social and Environmental Proposals - Overall Approach Climate Change, Say on Climate (SoC) Management Proposals

General Social and Environmental Proposals

ISS supports shareholder proposals that seek to promote corporate responsibility and enhance long-term value. In determining votes on social and environmental proposals, the following factors will be considered:

Social Proposals

- The clarity, framing, and reasonableness of the proposal.
- The potential impact on the company’s short-term and long-term share value.
- The percentage of sales, assets, and earnings affected by the proposal.

- Whether the company has already addressed the issue raised in the proposal in an appropriate manner.
- The strength and persuasiveness of the company's analysis and recommendation to shareholders.
- The actions taken by other companies in response to similar issues.
- Any significant controversies, fines, penalties, or litigation related to the company's environmental or social practices.

Climate Change Proposals

ISS supports shareholder proposals that enhance transparency and accountability regarding climate-related risks. Specifically, ISS recommends:

- Supporting proposals requesting information on the financial, physical, or regulatory risks the company faces with respect to climate change, including how these risks are identified, measured, and managed.
- Voting in favour of proposals calling for the reduction of greenhouse gas (GHG) emissions.
- Supporting proposals requesting reports on the company's response to regulatory or public pressures on climate change, and for the disclosure of research informing the company's climate policies.
- Voting for proposals requesting the disclosure of GHG emissions reduction goals from company operations and/or products
- For shareholder proposals related to climate transition action plans, ISS will evaluate each on a case-by-case basis. Relevant factors include:
 - The completeness and rigor of the company's climate-related disclosures.
 - The company's actual GHG emissions performance.
 - Any recent violations, fines, or litigation concerning the company's GHG emissions.
 - Whether the proposal's requests are overly burdensome or prescriptive in terms of scope or timeline. In addition, ISS will evaluate management proposals relating to a company's climate transition plan on a case-by-case basis. Key considerations include:
 - The extent to which the company's climate disclosures align with Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other market standards.
 - Disclosure of GHG emissions across the company's operations and supply chain (Scopes 1, 2, and 3).
 - The completeness and rigor of the company's short-, medium-, and long-term GHG emissions reduction targets in alignment with the Paris Agreement goals.
 - Whether the company's targets have been independently verified as science based.
 - The company's commitment to achieving "net zero" emissions by 2050 across its operations and supply chain (Scopes 1, 2, and 3).
 - The company's commitment to report on the implementation of its climate transition plan in subsequent years.
 - Whether the company's climate data has been independently assured.
 - Transparency regarding the alignment of the company's lobbying activities and capital expenditures with its climate strategy.
 - Industry-specific challenges related to decarbonization that may affect the company's goals.

- The company's performance and disclosures relative to its industry peers.

Deviation from ISS Policy

As the asset owner, despite relying on the assistance of a proxy provider, as described above, Fineco AM has full discretion and ultimately exercise its own judgement in voting activities in respect of its funds' holdings. To this extent, we recognise that there may be instances where our final vote on resolutions differs from ISS recommendations. In such cases, we carefully assess the merits of each proposal, considering relevant information and the specific circumstances of the company, to make decisions that best serve the long-term interests of our clients and stakeholders. In instances where we have chosen not to vote in accordance with the ISS recommendation, an explanatory narrative is saved within the ISS proxy voting platform.

Voting Transparency

In the interest of promoting transparency while evidencing our active ownership activities, Fineco AM has decided to make our proxy voting history publicly available.

Using ISS's Voting Disclosure Services, an interactive dashboard detailing Fineco AM's proxy voting activity will be available via the company website. The dashboard will automatically update showing completed proxy votes cast, with ability to display information by fund, issuer, market, or meeting date.

Policy Periodic Review

This document will be reviewed at least once a year and updated accordingly, if required.



FINECO

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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.