

Sustainability-related disclosures for Private Suite - Eurizon Multi-Asset Circular Economy

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

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<p>Summary</p>	<p>This Sub-fund has a sustainable investment objective. The Investment Manager identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies". The Investment Manager identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies". No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund. The sustainability indicators used to measure the achievement of the Sub-fund's sustainable investment objective are the following:</p> <ul style="list-style-type: none"> • the weight of issuers operating in sectors deemed not "socially responsible", identified through the data of infoproviders specialized on ESG and SRI issues; • the weight of issuers with a high exposure to ESG risks (so-called "critical issuers"), identified through data from specialized information providers on ESG issues; • the weighted average weight of the issuers who appear to have, with reference to their products and services and production processes: (i) a net positive alignment with at least 1 of the no. 17 SDGs promoted by the United Nations and (ii) no net misalignment with any of the n. 17 SDGs the % of investments in UCITS/UCI categorized under article 9 SFDR; • the weighted average ESG score of the portfolio compared with the investment universe. <p>As regards Active Ownership - Engagement, please refer to the Stewardship Report published on the website: https://www.eurizoncapital.com/en/sustainability/stewardship-and-esg-engagement-policy. The assessment of the good governance practices is a central pillar of the investment process adopted by the Investment Manager and it consists of the assurance that the governance of the issuers (or investee companies) is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholders' interests also by means of a remuneration policy.</p> <p>Compliance with issuers' good governance practices is ensured through the application of ESG and SRI exclusions criteria and through extensive screening based on third party data provider based on specific relevant factors, among them employee practices, ownership and management structures, tax and accounting compliance and open or past controversies. In actively managing the Sub-fund, the Investment Manager follows a disciplined two-step ESG selection process:</p> <ul style="list-style-type: none"> • negative screening: exclusion of companies that are involved in the production of cluster bombs and landmines or, limited to investments in equity, derive 25% or more of their revenues from thermal coal mining or the production of electricity from thermal coal, or do not include independent members in the corporate government institutions. The issuers are identified among those included in the "MSCI ESG Ratings - World"; • positive screening for equity investments: selection of companies that are leaders in the transition to a circular economy and, in particular, that meet following inclusion criteria: "circular transition" (such as companies that have a high percentage of waste recycling, recycle products or share products as a service), "facilitators" (such as companies that produce renewable resources or contribute to green mobility) and "suppliers" (companies that provide products and services that support circular production models). <p>The contribution of each investment to the investment objectives are monitored by the Investment Manager on a continuous basis. Investments which does not contribute to the investment objective are subject to potential exclusion. The Sub-fund has a sustainable investment objective and will pursue a minimum share of sustainable investment of 70%. The minimum share of sustainable investment with an environmental objective is 70%. There is no minimum commitment to sustainable investment with a social objective. Sustainable investments with an environmental objective will be made in economic activities that are not considered sustainable in accordance with the EU taxonomy. It is however not excluded that the Sub-fund may be exposed to underlying investments that contribute to one or more of the environmental objectives of the EU Taxonomy, such as but not limited to climate change mitigation and/or climate change adaptation, but such investments are not in themselves decisive for the pursuit of the Fund's environmental objectives.</p>
<p>No significant harm to the sustainable investment objective</p>	<p>The sustainable investment framework based on UN SDGs is built around the concept of SDGs alignment as much as misalignment. Each investee company is evaluated in relation to both metrics therefore any misalignment to at least one of the 17 SDGs is considered a breach of the Do Not Significantly Harm (DNSH) criteria and it excludes the opportunity to invest in the issuer. Additional third party data provides further tools and KPIs to assess if and how any investee company pass the Do Not Significantly Harm ("DNSH") test.</p>
<p>Sustainable investment objective of the financial product</p>	<p>This Sub-fund has a sustainable investment objective. The Sub-fund has a sustainable investment objective and will pursue a minimum share of sustainable investment of 70%. The minimum share of sustainable investment with an environmental objective is 70%. The Sub-fund does not commit to make sustainable investments with a social objective.</p> <p>The Sub-fund has a sustainable investment objective and will invest its net assets in equities of companies that participate in the transition to a circular economy through processes such as product recycling, waste reduction, product life extension and renewable resources.</p> <p>The Sub-fund may also invest its net assets in green bonds i.e. corporates, governments and agency bonds, issued to finance, for example, projects that respect the climate and the environment, such as renewable energy, energy efficiency, pollution prevention, clean transport, water management, circular economy, biodiversity protection and green building.</p> <p>In order to reach its sustainable objective the Investment Manager adopts the firmwide sustainable investment framework built around the United Nations Social Development Goals (UN SDGs). This framework helps the Investment Manager to assess the extent companies' products and services address at least one of the</p>

	<p>selected environmental challenges, as defined by the UN Sustainable Development Goals (UN SDGs) without conflicting with any of the 17 SDGs.</p> <p>The Sub-fund is actively managed. The Sub-fund is not managed in reference to a benchmark.</p>
Investment strategy	<p>In actively managing the Sub-fund, the Investment Manager follows a disciplined two-step ESG selection process:</p> <ul style="list-style-type: none"> • negative screening: exclusion of companies that are involved in the production of cluster bombs and landmines or, limited to investments in equity, derive 25% or more of their revenues from thermal coal mining or the production of electricity from thermal coal, or do not include independent members in the corporate government institutions. The issuers are identified among those included in the "MSCI ESG Ratings - World"; • positive screening for equity investments: selection of companies that are leaders in the transition to a circular economy and, in particular, that meet following inclusion criteria: "circular transition" (such as companies that have a high percentage of waste recycling, recycle products or share products as a service), "facilitators" (such as companies that produce renewable resources or contribute to green mobility) and "suppliers" (companies that provide products and services that support circular production models). <p>The contribution of each investment to the investment objectives are monitored by the Investment Manager on a continuous basis. Investments which does not contribute to the investment objective are subject to potential exclusion.</p> <p>Eurizon Capital , indeed, has adopted a methodology for the selection of sustainable investments based on the Sustainable Development Goals (SDGs) promoted by the United Nations. This methodology aims to select instruments issued by companies whose activities contribute to one or more of the SDG (aiming to foster a more conscious and lasting global development, including the well-being of human beings, the protection and care of the natural environment and responses to major social issues) through their own products and services or production processes, provided that (i) such investments do not significantly harm any of the environmental or social objectives set out in Regulation (EU) 2019/2088 and (ii) the companies benefiting from such investments comply with good governance practices.</p> <p>In addition, Eurizon Capital , taking into account the safeguards it has defined, considers specific environmental and social indicators for assessing the main negative effects on sustainability factors brought about by financial product investment activities.</p>
Proportion of investments	<p>The Sub-fund has a sustainable investment objective and will pursue a minimum share of sustainable investment of 70%. The minimum share of sustainable investment with an environmental objective is 70%. There is no minimum commitment to sustainable investment with a social objective. Sustainable investments with an environmental objective will be made in economic activities that are not considered sustainable in accordance with the EU taxonomy. It is however not excluded that the Sub-fund may be exposed to underlying investments that contribute to one or more of the environmental objectives of the EU Taxonomy, such as but not limited to climate change mitigation and/or climate change adaptation, but such investments are not in themselves decisive for the pursuit of the Fund's environmental objectives.</p>
Monitoring of sustainable investment objective	<p>Eurizon Capita performs specific monitoring activities for the integration of sustainability risk in the strategies mentioned above, specifically:</p> <ol style="list-style-type: none"> 1. The Sub-fund is an impact sub-fund classified under SFDR Art. 9 therefore the first binding element is the mandatory requirement to invest only in sustainable investments unless for liquidity and hedging purpose; 2. Any UCITS/UCI that the Sub-fund invests in will also need to have been categorized under article 9 SFDR; 3. The weighted average ESG score must be higher than the one of its investment universe. 4. The Sub-fund must also be compliant with the following binding elements: <ol style="list-style-type: none"> a. SRI Exclusions - Issuers operating in sectors deemed not to be "socially responsible" are (i) companies characterized by a clear direct involvement in the manufacture of unconventional weapons (Land-mines, Cluster bombs, Nuclear weapons, Depleted uranium, Biological weapons, Chemical weapons, Invisible cluster munitions, Blinding Lasers, Incendiary weapons, White phosphorus) or in the (ii) companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) companies that derive at least 10% of their turnover from the extraction of oil sands; for issuers with exposure to the thermal coal and oil sands sectors below the thresholds, specific escalation processes are triggered which may result in restrictions and/or exclusions with respect to the Investment Universe of individual managed assets; b. ESG Exclusions - "critical" issuers for which an escalation process is activated that leads to restrictions and/or exclusions determines with respect to the Investment Universe of individual managed assets (known as "ESG Binding screening"); "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") in the equity and bond investment universe; c. Sustainability Integration - measured by the weighted average weight of the issuers who appear to have, with reference to their products and services and production processes: (i) a net positive alignment with at least 1 of the no. 17 SDGs promoted by the United Nations and (ii) no net misalignment with any of the n. 17 SDGs. d. Active Ownership - as regards the binding element of Active Ownership - Engagement, please refer to the Stewardship Report published on the website: Stewardship and ESG Engagement Policy - Eurizon (eurizoncapital.com). The binding elements are monitored on ongoing basis by the risk manager and by the portfolio manager. <p>The activity of monitoring for the impact investing strategy is carried out through the verification of investment limits both during the preparation of orders (so-called ex-ante control) and during the valuation of portfolios (so-called ex-post control). These activities are aimed at verifying compliance with the methodologies of (i) selection of target equity, bond and/or UCITS financial instruments that contribute to one or more of the Sustainable Development Goals (SDGs) promoted by the United Nations, provided that such investments do not cause significant harm to any other environmental or social objective and (ii) selection of investments aimed at generating a measurable and positive social or environmental impact in addition to a financial return.</p>

Methodologies	<p>The following sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product:</p> <p>Sector exclusion: weight in the fund of issuers operating in sectors deemed not to be “socially and environmentally responsible”, identified on the basis of data provided by specialised ESG and SRI infoproviders.</p> <p>Issuer exclusion: weight in the fund of issuers with a high exposure to environmental, social and corporate governance (ESG) risks (i.e.: “critical” issuers), identified on the basis of data provided by specialised ESG infoproviders.</p> <p>Impact investing: weight in the fund of the corporate bonds or government securities exclusively issued for financing climate- and environment-friendly projects such as renewable energy, energy efficiency, pollution prevention, clean transportation, water management, circular economy, biodiversity conservation and green construction (green bonds or other similar instruments such as social bonds and sustainable bonds).</p>
Data sources and processing	<p>Eurizon Capital S.A. uses one of the leading market info providers specializing in ESG issues as a source of data to assess the environmental and social characteristics promoted by the financial product. Data are acquired through data flows and reprocessed through proprietary systems. The percentage of data estimated is a function of the characteristics of the Issuer and the level of interaction between the info provider and the Issuer itself. In addition, the Company has introduced appropriate safeguards to ensure the correct representation of the acquired data.</p>
Limitations to methodologies and data	<p>Eurizon Capital S.A., using a single info provider, does not have the ability to fill in any missing data or directly correct anomalies by cross-referencing multiple data sources. In addition, it should be noted that the info provider is not always able to verify data with Issuers and, therefore, estimates or approximations are used in some cases.</p>
Due diligence	<p>Eurizon Capital S.A. conducts due diligence on the assets underlying the financial product, both through specific ex ante and post controls aimed at ensuring the compliance with investment strategies (see Section IV "Investment strategy" and Section VI "Monitoring").</p>
Engagement policies	<p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its “Engagement Policy” and in the “Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management”.</p> <p>In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers.</p> <p>The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes</p>
Attainment of the sustainable investment objective	<p>No reference benchmark has been designated for the purpose of attaining the sustainable investment objective by the Sub-fund .The sustainability indicators used to measure the achievement of the Sub-fund's sustainable investment objective are the following:• the weight of issuers operating in sectors deemed not "socially responsible", identified through the data of infoproviders specialized on ESG and SRI issues;• the weight of issuers with a high exposure to ESG risks (so-called "critical issuers"), identified through data from specialized information providers on ESG issues;• the weighted average weight of the issuers who appear to have, with reference to their products and services and production processes: (i) a net positive alignment with at least 1 of the no. 17 SDGs promoted by the United Nations and (ii) no net misalignment with any of the n. 17 SDGs the % of investments in UCITS/UCI categorized under article 9 SFDR;• the weighted average ESG score of the portfolio compared with the investment universe.As regards Active Ownership - Engagement, please refer to the Stewardship Report published on the website:https://www.eurizoncapital.com/en/sustainability/stewardship-and-esg-engagement-policy.</p>