



MEDIOBANCA

Article 10 (SFDR)

Website disclosure for an Article 8 fund

Mediobanca SICAV: World Megatrend ESG



Product name: Mediobanca World Megatrend ESG (the "Sub-Fund")

Legal entity identifier: 549300ZJS5Q33N0WYN29

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: __%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: __%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



A. Summary

The Sub-Fund promotes environmental and social characteristics based on a best-in-class approach. The Delegated Investment Manager will be positively inclined to invest in companies demonstrating strong positioning in terms of environmental and social corporate responsibility. Additionally, the Delegated Investment Manager will apply an exclusion filter on the investment universe which will exclude companies and issuers that are deemed as controversial.

The Sub-Fund adopts a socially responsible investment approach, which foresees the use of the external and specialised provider MSCI ESG Research LLC (hereinafter referred to as "MSCI"), with the objective of identifying an ESG rating for each individual issuer and receiving specific research on environmental, social and governance issues. The Sub-Fund will not invest in companies directly involved in the production and/or marketing of weapons considered controversial (which violate humanitarian principles) and nuclear weapons (negative screening). The Sub-Fund will also not invest in companies or securities whose issuer have an ESG rating lower than "BB" (defined as laggard by the MSCI rating system). Lastly, if an issuer does not have an ESG rating, the Sub-Fund will not invest in such company that has an ESG Controversies Score of 0 (on a scale from 0 to 10).



B. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

What are the environmental or social characteristics promoted by this financial product?

The Sub-Fund promotes environmental and social characteristics based on a best-in-class approach. The Delegated Investment Manager will be positively inclined to invest in companies demonstrating strong positioning in terms of environmental and social corporate responsibility. Additionally, the Delegated Investment Manager will apply an exclusion filter on the investment universe which will exclude companies and issuers that are deemed as controversial.



D. Investment strategy

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The Sub-Fund adopts a socially responsible investment approach, which foresees the use of the external and specialised provider MSCI with the objective of identifying an ESG rating for each individual issuer and receiving specific research on environmental, social and governance issues.

The ESG internal process provides for the exclusion of companies directly involved in the production and/or marketing of weapons considered controversial (which violate humanitarian principles) and nuclear weapons (negative screening). In addition, the ESG score provided by the specialised provider is consulted internally by portfolio managers and analysts in order to make the necessary evaluations not only using financial criteria but also from ESG perspective. To elaborate further, issuers with an MSCI ESG Rating lower than BB (according to MSCI defined as “laggard”: “B” and “CCC”), companies without an ESG rating “unrated” and an MSCI ESG Controversies Score equal to zero (0), on a scale from 0 to 10, which disputes considered serious and potentially risky (also referred to “red flag controversies”) are excluded from the investment portfolio. If the ESG rating from MSCI is not available, and in order to make it possible to invest in a company or issuer that is “unrated”, the Delegated Investment Manager might internally assess the issuer through attributing an internal ESG rating based on an internal Due Diligence Questionnaire that is validated by the ESG Committee. Investments that are assessed as having an internal ESG rating equivalent to MSCI ESG rating of BB or lower are excluded. Having an associated benchmark, negative screening is understood in terms of deviation from its benchmark. The risk management side control is carried out through the MSCI BarraOne and MSCI ESG manager platforms daily. As a result of the above ESG process, an investable universe is constructed, where the Delegated Investment Manager clusters issuers under the same financial conditions and characteristics, i.e., the companies and issuers belonging to the same industry and screens them through a best-in-class approach where issuers having the highest ESG rating from each cluster will be selected.



The ESG criteria, according to the internal ESG Policy in place, will be applied to the equity and bond asset classes (equity, corporate and government), which are the principal investments in financial instruments of the Sub-Fund. ESG criteria are applied on an ongoing basis.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Sub-Fund applies the following three key binding criteria to the investment strategy:

- The Sub-Fund will not invest in companies directly involved in the production and/or marketing of weapons considered controversial (which violate humanitarian principles) and nuclear weapons (negative screening).
- The Sub-Fund will not invest in companies or securities whose issuer have an ESG rating lower than “BB” (defined as laggard by the MSCI rating system).
- If an issuer does not have an ESG rating, the Sub-Fund will not invest in such company that have an ESG Controversies Score of 0 (on a scale from 0 to 10).

What is the policy to assess good governance practices of the investee companies?

The Delegated Investment Manager will seek investee companies that do comply with corporate governance policies, using firstly the framework of the external and specialised provider MSCI: the assessment of a company’s governance is mainly made in terms of Board (board’s structure and independence from management, and on various measures of board experience and effectiveness), Pay (CEO and other executive pay practices, including levels of pay relative to peers as well as specific features of the pay program design), Ownership & Control (company’s ownership structure, including the presence of controlling shareholders, differential voting rights across multiple share classes, and majority voting provisions; takeover defenses; and provisions impeding shareholder rights), Accounting (corporate transparency and the reliability of reported financials), Business Ethics&Fraud, Anti-competitive practices, Corruption & Instability, Tax Transparency. In addition, the Delegated Investment Manager will not invest in companies that are found to be in breach of the UN Global Compact and will engage with companies, ensuring that these follow the best practices in the corporate governance area.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



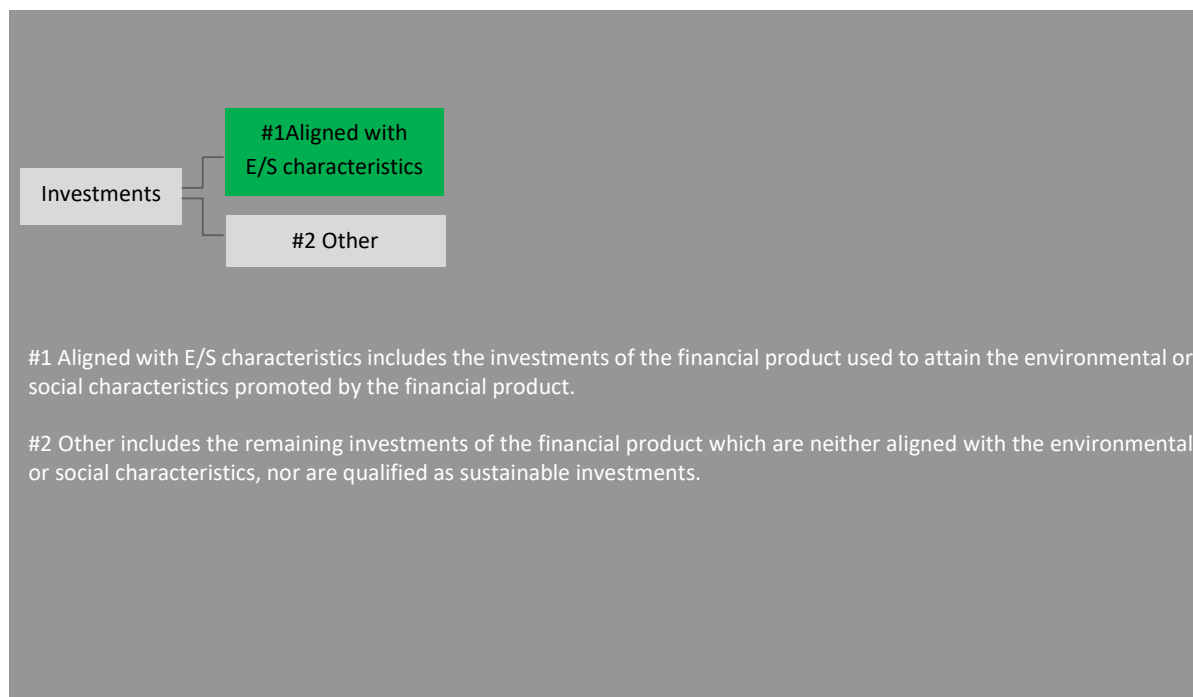
E. Proportion of investments

What is the planned asset allocation for this financial product?

The Delegated Investment Manager will invest at least 70% of its assets in securities that are aligned with the environmental and social characteristics promoted by the Sub-Fund. In particular, we refer to equity instruments issued by companies incorporated in USA, Japan, UK, EMU countries and other OECD countries.

Consequently, the 30% of the Sub-Fund’s investments are categorized under “Other”. These investments consist of cash, money market instruments, short term sovereign bonds held for the purposes of

servicing the day-to-day requirements of the Sub-fund and derivatives either for hedging and investment purpose. No minimum environmental or social safeguard is in place.



What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

N/A.

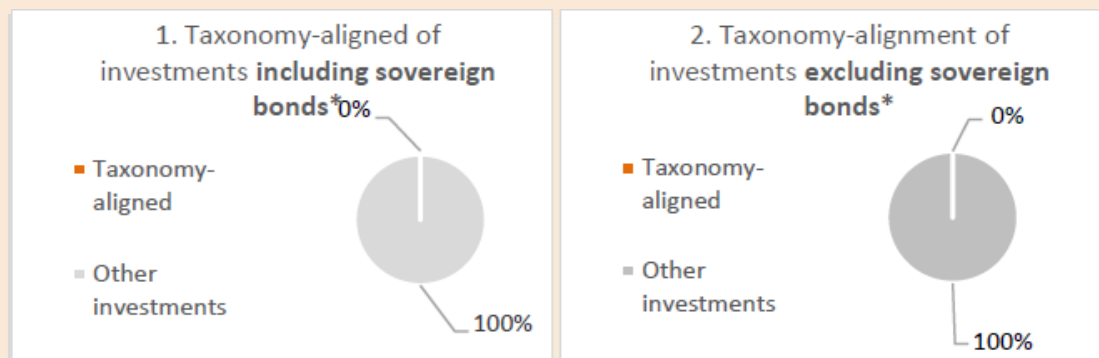
The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

It should be noted that notwithstanding the above, the Sub-Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is not calculated. Therefore, the “do not significant harm” principle does not apply to any of the investments of this financial product.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “Other” Investments include investments in liquid assets (cash), money markets instruments, short term sovereign bonds held for the purposes of servicing the day-to-day requirements of the Sub-fund and derivatives either for hedging and investment purpose. No minimum safeguards apply to these investments.



F. Monitoring of environmental or social characteristics

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?

Three key sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund:

- The share of investments in companies with an ESG rating lower than BB;
- The share of investments in companies with an ESG Controversy score of 0;
- The share of investments in companies directly involved in the production and/or marketing of weapons considered controversial and nuclear weapons.

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

The Risk Management Function verifies compliance with the exclusion and inclusion criteria in portfolios on a daily basis, reporting any violations to the competent management units. The environmental and social characteristics promoted by the Sub-Fund are verified on an ongoing basis through the periodic monitoring of the issuers and of the information received from the data provide and further processed by the Delegated Investment Manager.

The monitoring mechanism includes the involvement of an internal ESG committee (the “**ESG Committee**”), which reviews periodically specific cases, internally developed ratings and potential breaches. The external rating provider methodology has been reviewed on the first adoption and periodically monitored by the risk management function and other specialized units, reporting on an annual basis to the ESG Committee.



G. Methodologies

What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?

The selection of issuers is carried out through the application of positive and negative screening criteria, as described in the Sustainable Investment Policy (ESG) and in the Sustainable Investment Guideline (ESG) and as briefly summarized on the website of the Delegated Investment Manager. Additional information can be found in the section F. “Monitoring of environmental or social characteristics” above.



H. Data sources and processing

What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?

The Delegated Investment Manager has subscribed to the services of MSCI with the aim of identifying an ESG rating for each individual issuer and UCIs and to have a specific analysis for environmental, social and governance issues. With regard to the UCIs managed by the Delegated Investment Manager, the rating is assigned internally on the basis of the portfolio composition and of the ESG scores of the individual underlying instruments provided by MSCI.

If an MSCI ESG rating is not available, the Delegated Investment Manager’s analysts and portfolio managers may proceed as follows: with an analysis of the issuers, making their own assessment of the degree of attention paid to ESG issues on the basis of the behaviour adopted and the integration of such criteria within the company's processes; with an analysis of the UCIs, making their own assessment of the degree of attention paid to ESG issues and how sustainability risk is integrated within the investment process.

With reference to the assessment made by the Delegates Investment Manager’s analysts and portfolio managers, it is worth pointing out that, for the Delegate Investment Manager, the assessment of a company's ability to create value and reduce risk exposure must consider not only traditional economic/financial indicators but also ESG factors and the analysis and monitoring of completed and/or ongoing litigation. Such assessment is based on a questionnaire whose objective is to gather non-financial information with the aim of attributing scores to the environmental, social and good corporate governance components, which are weighted on the basis of the materiality principle of the sector/industry to which they belong, thus enabling the Delegated Investment Manager to assign an ESG score to the company under consideration. This sustainability score will stand alongside the traditional financial assessment. The Delegated Investment Manager has established a minimum threshold below which a company is considered "laggard - under specific review" according to the variables E, S, and G and by analysing the specific controversies, which

could exclude the company from the investable universe even if a score above the minimum threshold is obtained. Ultimately, the final ESG score is mainly based on a proprietary Boolean model which considers quantitative data and qualitative analysis resulting in an ESG score on a numerical scale from 0 to 100, or in letters from C to A+. The identification of negative externalities produced by companies limits the unexpected cost in the medium to long term, as well as positive factors that capitalise in opportunities for the future.



I. Limitations to methodologies and data

What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)

The potential limitations of the methodologies and data sources concerns certain types of asset classes not or only partly covered by the perimeter of the data available to the third-party data provider. Moreover, as the security selection can involve a significant element of subjectivity when applying ESG filters, the way in which the Sub-Fund incorporates ESG factors in its investment processes may vary depending on the investment themes, investment philosophy and subjective use of different ESG indicators governing the portfolio construction.

As such, the extra-financial management process relies in part on data provided by external rating agencies which may contain inaccurate or incomplete data. It is also worth mentioning that the exclusion criteria do not apply to UCIs.

In case of insufficient data, the ESG data provider may rely on estimates and approximations using internal methodologies that may be subjective. As the Sub-Fund relies in part on this data in making investment decisions, such uncertainty in data collection may negatively impact portfolio performance.

Lastly, it should be noted that the consideration of extra-financial data when constructing portfolios may lead to the exclusion of certain issuers and imply the foregoing of certain investment opportunities that would nevertheless be available to a fund not considering such data.



J. Due diligence

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

The Due Diligence process applied to the investment strategy is based on the application of positive and negative screening criteria. The Delegated Investment Manager has subscribed to the services of MSCI, which develops ESG research with a global geographic coverage and provides assessments on various related aspects, including possible controversies, based on in-depth analyses of the issuers or instruments underlying the UCIs. These assessments are summarised in specific scoring and aggregate ESG ratings, assigned according to a proprietary methodology of which disclosure has been provided to the Delegated Investment Manager. The use of this service also enables the Delegated Investment Manager to identify companies that conduct business in sectors deemed controversial and contrary to the values on which Mediobanca Group is based. The Risk



Management Function verifies compliance with the exclusion and inclusion criteria in portfolios on a daily basis, reporting any violations to the competent management units.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

- Yes
 No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Mediobanca SGR believes that regular interaction with investment companies is necessary and helps generate better long-term performance for investors. The engagement activities carried out by the SGR cover governance, financial and sustainability issues. At every meeting and/or contact opportunity, it encourages the companies, in which it has invested (and in which it intends to invest) individually or through the Assogestioni Management Committee or other collective engagement initiatives, to adopt an open dialogue on their responsible approach and on how ESG factors affect their business, in particular on the adoption of best practices in corporate governance. Engagement activities are also carried out with the aim to achieve the objective of reducing the negative effects on sustainability. For more details, please refer to the Engagement Policy on the SGR website - <https://www.mediobancasgr.com/investimenti-sostenibili/azionariato-attivo-ed-engagement> .



L. Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?

- Yes
 No