

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Leadersel Corporate Bond

Legal entity identifier: 213800S24K8D1MEZT181

Environmental and/or social characteristics

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 will have a minimum 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**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

Although its strategy does not target nor commit to a minimum share of sustainable investments, Leadersel Corporate Bond sub-fund promotes sustainable business practices, as well as environmental and social characteristics in line with Article 8 of Regulation (EU) 2019/2088, throughout the whole investment process.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

First, in line with the Group's policies and the SFDR Article 2(17) prerequisite for sustainable investments, the strategy focuses on those companies that show **good governance** practices, also considering the alignment with international goals and guidelines, and that **do not significantly harm** the environment, the society or the stakeholders, including customers, local communities and workers.

Secondly, among the several ESG key themes, the strategy investment process is designed to emphasize the invested assets' **positive contribution** in terms of ESG risks, carbon footprint, decarbonization targets and labour and human rights.

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

To attain the promoted environmental and social characteristics, the strategy monitors and applies several sustainability indicators that may be summarized as follows:

- Good Governance:
 - ESG Governance Pillar scores
 - Controversy Flag and Score

as assigned by Group's ESG provider MSCI. The investment strategy excludes all companies poorly ranked on their Governance Pillar or show a "Red Flag" on controversies (i.e. with a "severe" controversy status).

- Exclusion list:

The investment strategy excludes companies whose behaviour might harm the environment or its stakeholders, including customers, local communities and workers, with particular attention to labor and human rights

- Social:
 - Compliance with OECD guidelines, UNGC (UN Global Compact), UNGP (UN Human Resources Guiding Principles), ILO's (International Labour Organization) fundamental principles and labour standards.

The investment strategy excludes all companies which fail to comply with OECD, UN and ILO guidance.

- Tobacco cultivation, production & distribution
- Unconventional weapons

The investment strategy excludes companies involved in tobacco production and distribution and tied to unconventional weapons.

- Environmental:
 - carbon footprint (Tons of CO2 per million invested);
 - carbon intensity (Tons of CO2 per million of Company's revenues);
 - exposure to coal (share of revenues from coal);

- exposure to fossil fuel (share of portfolio invested in fossil fuel exposed companies).

To promote decarbonization, the investment strategy excludes companies involved in coal and non-conventional Oil & gas (shale gas, arctic extraction) and target a portfolio Carbon Footprint at least 20% lower than its reference market index (ICE Euro Corporate).

To attain the environmental and social characteristics promoted by the Sub-Fund, the portfolio combines negative screening to define the sustainable investment universe, integration of ESG variables in the security selection process, and binding elements in terms of portfolio construction, with the aim of:

- Excluding from the investment universe of those issuers that fail to pass the good governance and exclusion list thresholds

Tilting the investment portfolio towards higher quality issuers

The Sub-Fund undertakes to promote, through the implementation of specific screening criteria and the application of exclusion lists, investments aimed at reducing the negative impacts on society and the environment and excluding from its investment universe certain issuers operating in sectors considered controversial, identified in the context of the sub-fund's responsible investment policy, to which we invite you to refer for further details at the following link: <https://www.ersel.it/en/dam/jcr:32049161-66af-438c-bf84-4afa276629ef/Responsible%20Investment%20ESG%20Policy.pdf>

In terms of portfolio construction, the strategy excludes worst-in-class companies, limits its exposure to ESG laggards (below average), and it targets a weighted average ESG score, as measured by the Investment Manager methodology, equal or higher than 70 on a scale from 0 to 100. In doing so, the Investment Manager seeks to allocate more capital towards those issuers that can generate positive externalities for the whole society on a long-term horizon from an environmental and social standpoint.

No benchmark index has been designated to meet the environmental or social characteristics of the Sub-Fund.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

N/A. This financial product promotes environmental and/or social characteristics, but does not have sustainable investment as an objective.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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.

**Does
this**

financial product consider principal adverse impacts on sustainability factors?

Yes, in line with Article 7 of the Sustainable Finance Disclosure Regulation, this fund considers the Principal Adverse Impacts (PAI) of its investment decisions.

While the ability to currently meaningfully assess these impacts may be limited by an absence or limited availability and quality of information, the Investment Manager will continue to further develop these processes to gather, when available, information and data on PAI of their investments.



The following table summarizes the lists of the principal adverse impacts considered (Annex I of the Commission delegated regulation supplementing Sustainable Finance Disclosure Regulation). More information on how the Sub-fund considers its principal adverse impacts may be found in the periodic reporting of the Sub-fund.

Adverse sustainability indicator	Explanation and targets
Carbon footprint	The sub-manager regularly measures the financial product's Carbon footprint and GHG intensity of investee companies and monitor periodically how they evolved with respects to previous periods observations. Carbon footprint and GHG intensity have been identified as the most relevant adverse indicators to measure the alignment of the portfolio with the ESG characteristics promoted by the sub-manager.
GHG intensity of investee companies	
Exposure to companies active in the fossil fuel sector	Exclusion policy prevents the investment in companies involved in specific fossil fuel segments above a defined threshold. Companies with more than 5% of revenues from coal, unconventional oil & gas and artic oil & gas are excluded by the investable universe
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) are excluded from the investable universe
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Companies non-compliant or acting in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises are excluded from the investable universe

What investment strategy does this financial product follow?



The investment strategy adopted by the sub-fund aims to achieve long-term capital growth by investing mainly in debt instruments issued by European financial and non-financial companies. The Fund's portfolio is constructed by paying strong attention to bottom-up selection according to a high conviction logic that results in a concentration of investments on a small number of positions. Bond selection, however, also reflects top-down allocation choices that define the overall exposure to macro risks.

The investment process follows an approach characterized by several stages:

- In the first stage, the investable universe is screened to exclude non-compliant issuers and securities;
- Next, the best investment opportunities are identified and selected through proprietary relative value models and fundamental analysis;
- Finally, the portfolio is constructed to reflect the desired risk positioning and within strict investment limits.

Given the objective of fostering through its strategy the integration of sustainability factors as part of its investment process, the sub-fund is committed to integrating ESG assessments at all stages

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

described above, in addition to the screening processes, both positive and negative, defined as part of the Management Company's investment policy.

The inclusion of ESG factors in the internal rating process of issuers allows for a more detailed assessment of the risk-return profile of a corporate bond, thereby improving its expected risk-adjusted return.

In addition, screening the investable universe according to ESG criteria, setting exposure limits for companies with a low ESG rating, and identifying investment portfolio objectives in terms of ESG profile and carbon footprint allow the sub-fund to allocate a greater share of capital toward those issuers deemed capable of generating positive externalities for society, over a long-term horizon, both in terms of environmental and social impact.

The integration of ESG factors within the investment process can be summarized as follows:

- the investable universe is filtered by excluding sectors, countries, and companies that do not meet the exclusion criteria defined within the responsible investment policy adopted by the Management Company
- when assessing investment opportunities, the sub-fund integrates variables such as ESG rating and other ESG variables into the internal bond selection model, either by adopting a quantitative or qualitative approach
- ESG objectives defined at the portfolio level in terms of average ESG rating, carbon footprint, and maximum percentage of exposure to issuers with ESG ratings below a certain threshold (e.g., MSCI Rating \leq BBB) are binding elements that contribute to the overall risk management of the portfolio.

Please refer to the section headed Investment Policy of the Sub-fund.

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 investment strategy ensures compliance with the environmental/social characteristics promoted by the fund through:

- the exclusion from the investable universe of sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group (amongst which the exclusion of companies that are involved in violations of the UNGC principles, or that are involved in the manufacture or sale of controversial weapons).
- the weighted ESG average score of the securities portfolio must be equal to or higher than 70 on a scale from 0 to 100 of the MSCI scoring.
- Investing in worst-in-class issuers (score below 15/100) is not allowed and a limit of maximum 10% exposure has been set both for laggard issuers (i.e. with an ESG score below 40/100 according to the Investment Manager methodology) and not rated issuers.
- The GHG intensity should not exceed 80% of the strategy benchmark GHG intensity.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate of reduction of investments that do not comply with the ESG strategy at present. However, the following exclusion criteria ensure that investment will comply with the investment policy:

- bonds issued by companies that do not comply with international treaties (such as those on controversial weapons);

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- bonds issued by companies or countries that are in serious breach of UN principles or OECD guidelines;
- issuers which operate in countries subject to international sanctions or which violate the UN Global Compact principles;
- bonds issued by companies that are significantly involved in tobacco production, or tobacco distribution;
- bonds issued by companies that derive more than 5% of revenues from adult entertainment and pornography, manufacturing and distribution of civil weapons, unconventional oil and gas or arctic oil and gas extraction, or coal mining or coal-based energy generation;
- bonds issued by companies or countries which are subject to severe ESG controversies depending on data provided by external providers or Sub-Manager internal research. the exclusion from the investable universe of sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group (amongst which the exclusion of companies that are involved in violations of the UNGC principles, or that are involved in the manufacture or sale of controversial weapons);

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

To assess good governance practices of the investee companies, the Management Company has adopted an approach based on the use of specific indicators provided by MSCI, i.e., the MSCI ESG Controversies and the MSCI ESG Rating indexes relating to the Social and Governance pillars. This approach involves excluding from the investment portfolio of the Sub-Fund all issuers for which red flags have been identified. Please refer to the following link for the Management Company's "Good Governance Assessment Practices" policy: <https://www.ersel.it/en/dam/jcr:c74bb283-a029-4a99-bcac-9833b3d1c3ec/Good%20Governance%20Practices%20-%20ESG%20EN.pdf>



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Sub-fund foresees a percentage of investments aligned with the promoted environmental and social characteristics that do not qualify as sustainable investments equal to at least 80% of the investment portfolio, net of cash, money market instruments and derivatives. The percentage is set applying the sustainable investment strategy to the portfolio.

- Taxonomy-aligned activities are expressed as a share of:
 - **turnover** reflecting the share of revenue from green activities of investee companies
 - **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
 - **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The category “#2 Other” includes investments of the financial product that are neither aligned with environmental or social characteristics nor qualify as sustainable investments, which may represent up to 20% of the investment portfolio, excluding cash, money market instruments and derivatives. For securities included in “#2 Other”, minimum environmental or social safeguards apply. Issuing companies must not be involved in violations of UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.

The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

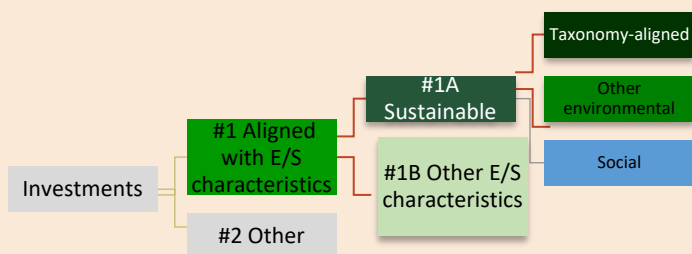
The investment strategy includes investment in derivative instruments, but not for the purpose of promoting the environmental and social characteristics of the Sub-Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



To what minimum extent are sustainable investments with an environmental



#1 with E/S characteristics includes the investments of the financial product used to attain the environmental or characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or characteristics, nor are qualified as sustainable investments.

Category **#1 Aligned with E/S characteristics** covers:

Category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

Category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that qualify as sustainable investments.

objective aligned with the EU Taxonomy?

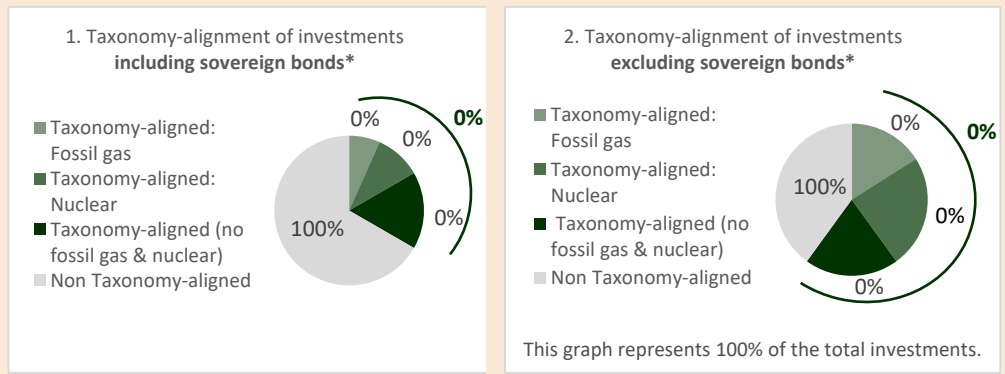
There is not targeted minimum EU taxonomy aligned sustainable investments for the strategy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

- Yes:
- In fossil gas In nuclear energy
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU

What is the minimum share of investments in transitional and enabling activities?

N/A



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A



What is the minimum share of socially sustainable investments?

N/A



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

The category “#2 Other” includes the share of the investment portfolio that does not meet environmental or social characteristics promoted by the sub-fund and does not qualify sustainable investments, excluding cash, money market instruments or similar instruments and derivatives. Securities included in this category present an ESG score below 40/100 (or below BBB rating according to the Investment Manager methodology) or do not have an ESG rating. For securities included in “Other”, minimum environmental and social safeguards apply. Corporate issuers need to be compliant with the UNGC principles or OECD Guidelines for Multinational Enterprises and not be involved in very severe controversies regarding environmental, social or governance issues or socially controversial activities.

The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no designated benchmark for this fund to measure whether the financial product attains the environmental or social characteristics that they promote.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

Further information on the product can be found at the following link:

<https://www.ersel.it/gruppo-ersel/sostenibilita>

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Leadersel Financial Bonds

Legal entity identifier: 213800S24K8D1MEZT181

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

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 will have a minimum 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**



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

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product.

While the strategy does not target nor commit to a minimum share of sustainable investments, the Leadersel Financial Bond fund promotes sustainable business practices and environmental and social characteristics throughout the whole investment process.

First, in line with the Group's policies and SFDR art 2(17) prerequisite for sustainable investments, the strategy focuses on those companies which show **good governance** practices, also considering the alignment with international goals and guidelines, and that **do not significantly harm** the environment, the

society or the stakeholders, including customers, local communities and workers.

Secondly, among the several ESG key themes, the strategy investment process is designed to emphasize the invested assets' **positive contribution** in terms of ESG risks, carbon footprint, decarbonization targets and labor and human rights.

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

To attain the promoted environmental and social characteristics, the strategy monitors and applies several sustainability indicators that may be summarized as follows:

- Good Governance:

- ESG Governance Pillar scores
- Controversy Flag and Score

as assigned by Group's ESG provider MSCI. The investment strategy excludes all companies poorly ranked on their Governance Pillar or show a "Red Flag" on controversies (i.e. with a "severe" controversy status).

- DNSH:

The investment strategy excludes companies whose behaviour might harm the environment or its stakeholders, including customers, local communities and workers, with particular attention to labor and human rights

- Social:

- Compliance with OECD guidelines, UNGC (UN Global Compact), UNGP (UN Human Resources Guiding Principles), ILO's (International Labour Organization) fundamental principles and labour standards.

The investment strategy excludes all companies which fail to comply with OECD, UN and ILO guidance.

- Tobacco cultivation, production & distribution
- Unconventional weapons

The investment strategy excludes companies involved in tobacco production and distribution and tied to unconventional weapons.

- Environmental:
 - carbon footprint (Tons of CO2 per million invested);
 - carbon intensity (Tons of CO2 per million of Company's revenues);
 - exposure to coal (share of revenues from coal);
 - exposure to fossil fuel (share of portfolio invested in fossil fuel exposed companies).

To promote decarbonization, the investment strategy excludes companies involved in coal and non-conventional oil&gas (shale gas, arctic extraction)

To attain the environmental and social characteristics promoted by the Sub-fund, the portfolio combines negative screening to define the sustainable investment universe, integration of ESG variables in the security selection process and binding elements in terms of portfolio construction with the aim of

- Excluding from the investment universe those issuers that fail to pass the good governance and DNSH thresholds
- Tilting the investment portfolio towards higher quality issuers

The Sub-Fund undertakes to promote, through the implementation of specific screening criteria and the application of exclusion lists, investments aimed at reducing the negative impacts on society and the environment and excluding from its investment universe certain issuers operating in sectors considered controversial, identified in the context of the sub-fund's responsible investment policy, to which we invite you to refer for further details at the following link: <https://www.ersel.it/en/dam/jcr:32049161-66af-438c-bf84-4afa276629ef/Responsible%20Investment%20ESG%20Policy.pdf>

In terms of portfolio construction, the strategy excludes worst-in-class companies, limits its exposure to ESG laggards (below average) and targets a weighted average ESG score, as measured by the Investment Manager methodology, equal or higher than 70 on a scale from 0 to 100 (equal or higher than AA according to MSCI ESG rating scale). In doing so, the Investment Manager seeks to allocate more capital towards those issuers that can generate positive externalities for the whole society on a long-term horizon from an environmental and social standpoint by achieving

No benchmark index has been designated to meet the environmental or social characteristics of the Sub-Fund.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A. This financial product promotes environmental and/or social characteristics, but does not have sustainable investment as an objective.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

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.

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?
Details:

N/A



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

Yes, in line with Article 7 of the Sustainable Finance Disclosure Regulation, this fund considers the Principal Adverse Impacts (PAI) of its investment decisions.

While the ability to currently meaningfully assess these impacts may be limited by an absence or limited availability and quality of information, the Investment Manager will continue to further develop these processes to gather, when available, information and data on PAI of their investments.

The present table summarizes the lists of the principal adverse impacts considered (Annex I of the Commission delegated regulation supplementing Sustainable Finance Disclosure Regulation). More information on how the Sub-fund considers its principal adverse impacts may be found in the periodic reporting of the Sub-fund.

Adverse sustainability indicator	Explanation and targets
Carbon footprint	The sub-manager regularly measures the financial product's Carbon footprint and GHG intensity of investee companies and monitor periodically how they evolved with respects to previous periods observations. Carbon footprint and GHG intensity have been identified as the most relevant adverse indicators to measure the alignment of the portfolio with the environmental characteristics promoted by the sub-manager.
GHG intensity of investee companies	
Exposure to companies active in the fossil fuel sector	Exclusion policy prevents the investment in companies involved in specific fossil fuel segments above a defined threshold. Companies with more than 5% of revenues from coal, unconventional oil & gas and artic oil & gas are excluded by the investable universe
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) are excluded from the investable universe
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for	Companies non-compliant or acting in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises are excluded from the investable universe



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Multinational Enterprises	
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What investment strategy does this financial product follow?

The investment strategy adopted by the sub-fund aims to achieve long-term capital growth by investing mainly in debt instruments issued by European financial and non-financial companies.

The Fund's portfolio is constructed by paying strong attention to bottom-up selection according to a high conviction logic that results in a concentration of investments on a small number of positions. Bond selection, however, also reflects top-down allocation choices that define the overall exposure to macro risks.

The investment process follows an approach characterized by several stages:

- In the first stage, the investable universe is screened to exclude non-compliant issuers and securities;
- Next, the best investment opportunities are identified and selected through proprietary relative value models and fundamental analysis;
- Finally, the portfolio is constructed to reflect the desired risk positioning and within strict investment limits.

Given the objective of fostering through its strategy the integration of sustainability factors as part of its investment process, the sub-fund is committed to integrating ESG assessments at all stages described above, in addition to the screening processes, both positive and negative, defined as part of the Management Company's investment policy.

The inclusion of ESG factors in the internal rating process of issuers allows for a more detailed assessment of the risk-return profile of a corporate bond, thereby improving its expected risk-adjusted return.

In addition, screening the investable universe according to ESG criteria, setting exposure limits for companies with a low ESG rating, and identifying investment portfolio objectives in terms of ESG profile and carbon footprint allow the sub-fund to allocate a greater share of capital toward those issuers deemed capable of generating positive externalities for society, over a long-term horizon, both in terms of environmental and social impact.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The integration of ESG factors within the investment process can be summarized as follows:

- the investable universe is filtered by excluding sectors, countries, and companies that do not meet the exclusion criteria defined within the responsible investment policy adopted by the Management Company;
- when assessing investment opportunities, the sub-fund integrates variables such as ESG rating and other ESG variables into the internal bond selection model, either by adopting a quantitative or qualitative approach;

- ESG objectives defined at the portfolio level in terms of average ESG rating, carbon footprint, and maximum percentage of exposure to issuers with ESG ratings below a certain threshold (e.g., MSCI Rating \leq BBB) are binding elements that contribute to the overall risk management of the portfolio.

Please refer to the section headed Investment Policy of the Sub-fund.

● ***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 investment strategy ensures compliance with the environmental/social characteristics promoted by the fund through:

- the exclusion from the investable universe of sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group (amongst which the exclusion of companies that are involved in violations of the UNGC principles, or that are involved in the manufacture or sale of controversial weapons);
- the weighted ESG average score of the securities portfolio must be equal to or higher than 70 on a scale from 0 to 100 of the MSCI scoring;
- investing in worst-in-class issuers is not allowed (score below 15/100) and a limit of maximum 10% exposure has been set both for laggard issuers (i.e. with an ESG score below 40/100 according to the Investment Manager methodology) and not rated issuers;

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate of reduction of investments that do not comply with the ESG strategy at present. However, the following exclusion criteria ensure that investment will comply with the investment policy:

- bonds issued by companies that do not comply with international treaties such as those on controversial weapons, the 2008 Convention on Cluster Munitions, the 1997 Ottawa Treaty on Anti-Personnel Mines, the 1997 Chemical Weapons Convention, the 1975 Biological Weapons Convention, the 1968 Nuclear Non-Proliferation Treaty or the rules on the use of depleted uranium;

- bonds issued by companies or countries that are in serious breach of UN principles or OECD guidelines;
- issuers which operate in countries subject to international sanctions or which violate the UN Global Compact principles;
- bonds issued by companies that are significantly involved in tobacco production, or tobacco distribution;
- bonds issued by companies that derive more than 5% of revenues from adult entertainment and pornography, manufacturing and distribution of civil weapons, unconventional oil and gas or arctic oil and gas extraction, or coal mining or coal-based energy generation;

- bonds issued by companies or countries which are subject to severe ESG controversies depending on data provided by external providers or Sub-Manager internal research. Please refer to the Fund's responsible investment policy for more details.

Asset allocation describes the share of investments in specific assets.

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

To assess good governance practices of the investee companies, the Management Company has adopted an approach based on the use of specific indicators provided by MSCI, i.e., the MSCI ESG Controversies and the MSCI ESG Rating indexes relating to the Social and Governance pillars. This approach envisages excluding from the investment portfolio of the Sub-Fund all issuers for which red flags have been identified. The Management Company's 'Good Governance

Assessment Practices' policy can be found at the following link: <https://www.ersel.it/en/dam/jcr:c74bb283-a029-4a99-bcac-9833b3d1c3ec/Good%20Governance%20Practices%20-%20ESG%20EN.pdf>



Taxonomy-aligned activities are expressed as a share of: **-turnover** reflecting the share of revenue from green activities of investee companies **-capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy. **-operational expenditure**

What is the asset allocation planned for this financial product?

The Sub-fund foresees a percentage of investments aligned with the promoted environmental and social characteristics that do not qualify as sustainable investments equal to at least 80% of the investment portfolio, net of cash, money market instruments and derivatives. The percentage is set applying the sustainable investment strategy to the portfolio.

The category “#2 Other” includes investments of the financial product that are neither aligned with environmental or social characteristics nor qualify as sustainable investments, which may represent up to 20% of the investment portfolio, net of cash, money market instruments and derivatives. For securities included in “#2 Other”, minimum environmental or social safeguards apply. Issuing companies must not be involved in violations of UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.


Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best

The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The investment strategy includes investment in derivative instruments, but not for the purpose of promoting the environmental and social characteristics of the Sub-Fund.

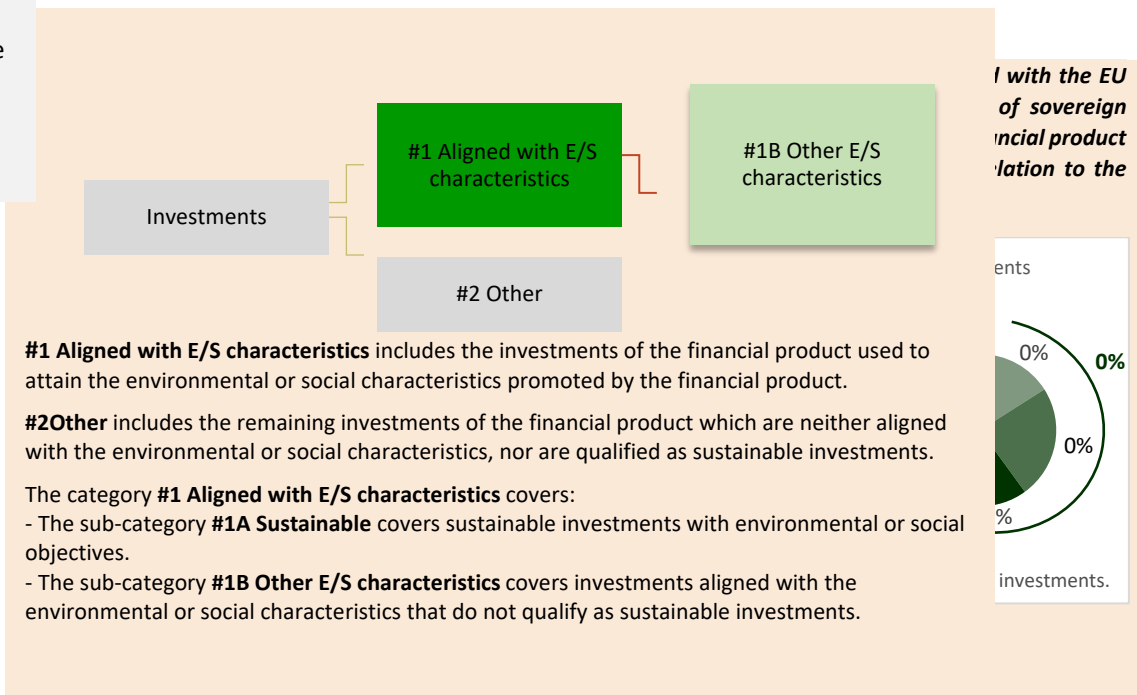
To  **what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The strategy does not have a target minimum alignment to the EU taxonomy on sustainable investments.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²?


Yes:
 In fossil gas In nuclear energy


No




² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What is the minimum share of investments in transitional and enabling activities?**
N/A

What is the objective  **minimum share of sustainable investments with an environmental that are not aligned with the EU Taxonomy?**
N/A

 **What is the minimum share of socially sustainable investments**
N/A

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

The category “#2 Other” includes the share of the investment portfolio which are neither aligned with the environmental or social characteristics nor are qualified as sustainable investments, net of cash, money market instruments or similar instruments and derivatives. Securities included in this category might present an ESG score below 40/100 (or below BBB rating according to the Investment Manager’s provider methodology) or not have an ESG rating. For securities included in “Other”, minimum environmental and social safeguards apply. Corporate issuers need to be compliant with the UNGC principles or OECD Guidelines for Multinational Enterprises and not be involved in very severe controversies regarding environmental, social or governance issues or socially controversial activities. The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.




Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

There is no designated benchmark for this fund to measure whether the financial product attains the environmental or social characteristics that they promote.

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

Further information on the product can be found at the following link:

<https://www.ersel.it/gruppo-ersel/sostenibilita>

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Leadersel Innotech

Legal entity identifier: 21380085UQ93P1L78V23

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes
 No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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

Leadersel Innotech promotes a range of environmental and social characteristics by integrating environmental, social and governance ('ESG') criteria into the investment process and allocating its resources in issuers implementing a production processes that do not generate negative effects on the climate through the reduction of energy

consumption/production from fossil fuels, reduction of greenhouse gas emissions, combating resource depletion and deforestation, protection of biodiversity; and analysing how a company develops its human capital by referring to fundamental principles that are universal in scope (e.g. human resources management, diversity and equal opportunities, working conditions, health and safety).

The Sub-Fund undertakes to promote, through the implementation of specific screening criteria and the application of exclusion lists, investments aimed at reducing the negative impacts on society and the environment and excluding from its investment universe certain issuers operating in sectors considered controversial, identified in the context of the sub-fund's responsible investment policy, to which we invite you to refer for further details at the following link: <https://www.ersel.it/en/ersel-group/sustainability>.

With reference to the characteristics described above, the Investment Manager undertakes to assess whether the issuing companies aim to respect and promote them through the development of innovation, products and processes capable of fostering them, since the Sub-Fund is intended to invest in companies which, through technological innovation, are or will be able to intercept or address structural trends that have as their centre of influence the change in the way people act and interact on a daily basis.

No benchmark index has been designated to meet the environmental or social characteristics of the Sub-Fund.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A. This financial product promotes environmental and/or social characteristics, but does not have sustainable investment as an objective

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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.



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

Yes



No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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 investment strategy ensures compliance with the environmental/social characteristics promoted by the fund through:

- the exclusion from the investable universe of sectors, companies and activities that conflict with the ESG values promoted by the Ersel Group (amongst which the exclusion of companies that are involved in violations of the UNGC principles, or that are involved in the manufacture or sale of controversial weapons);
- the exclusion of companies active in the production and mining of uranium, the production of palm oil, those that derive more than 30% of their revenues from the production of nuclear energy, and those that generate more than 5% of their revenues from the production and distribution of pornographic material.

Furthermore, the total weight of investments in issuers with an insufficient ESG rating (below BB) cannot exceed 10% of NAV; while the total weight of investments in issuers with no ESG rating cannot exceed 20% of NAV.

The weighted average rating of the securities portfolio may not be lower than "average" of the MSCI scoring.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no committed minimum rate of reduction of investments that do not comply with the ESG strategy at present.

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

To assess good governance practices of the investee companies, the Management Company has adopted an approach based on the use of specific indicators provided by MSCI, i.e., the MSCI ESG Controversies and the MSCI ESG Rating indexes relating to the Social and Governance pillars. This

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

approach envisages excluding from the investment portfolio of the Sub-Fund all issuers for which red flags have been identified. The Management Company's 'Good Governance Assessment Practices' policy can be found at the following link:
<https://www.ersel.it/en/ersel-group/sustainability>



What is the asset allocation planned for this financial product?

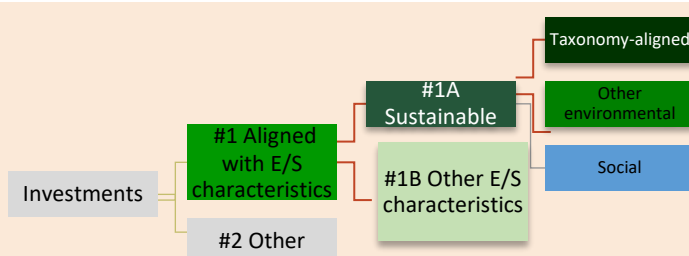
Asset allocation

describes the share of investments in specific assets.

The Sub-fund, which invests mainly in equity financial instruments listed on regulated markets, representative of global High Growth - Quality - large and small-medium capitalisation companies, foresees a percentage of investments aligned with the promoted environmental and social characteristics that do not qualify as sustainable investments equal to at least 70% of the investment portfolio, net of cash, money market instruments and derivatives. The percentage is set applying the

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

sustainable investment strategy to the portfolio.

The category “#2 Other” includes investments of the financial product that are neither aligned with environmental or social characteristics nor qualify as sustainable investments, mainly equity financial instruments, which may represent up to 30% of the investment portfolio, net of cash, money market instruments and derivatives. For securities included in “#2 Other”, minimum environmental or social safeguards apply. Issuing companies must not be involved in violations of UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.

The investments in “#2 Other” allow an efficient portfolio management by reducing concentration and market risk.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The investment strategy includes investment in derivative instruments, but not for the purpose of promoting the environmental and social characteristics of the Sub-Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

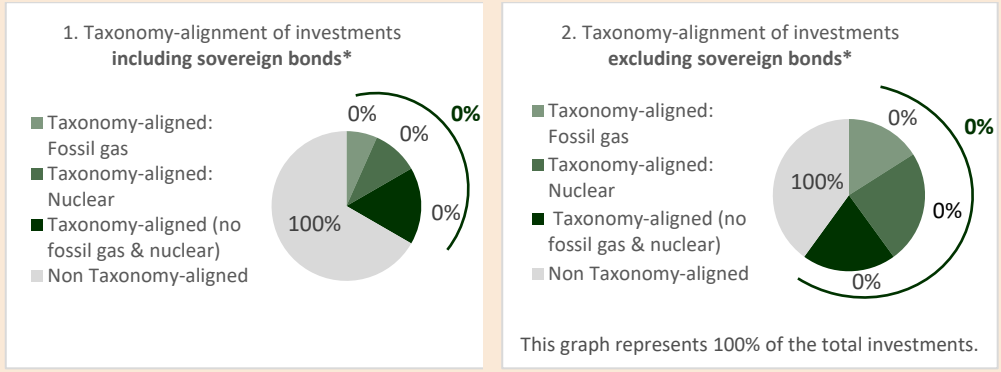
N/A

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy³?

Yes:
 In fossil gas In nuclear energy

No

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 is the minimum share of investments in transitional and enabling activities? N/A



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A

What is the minimum share of socially sustainable investments?

N/A

oil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

The category “#2 Other” refers to the remaining investments of the Sub-Fund that are neither aligned with environmental or social characteristics nor qualify as sustainable investments and can represent up to 30% of the invested assets, net of cash, money market instruments and derivatives. They include investments in issuers with an insufficient ESG rating (below BB) and investments in issuers with no ESG rating. Investments in “#2 Other” aim at optimising exposure to concentration and market risks, thus contributing to the efficient management of the Sub-Fund's portfolio.

For securities included in “#2 Other”, minimum environmental or social safeguards apply. Issuers of such securities must not be involved in violations of the UNGC principles and must not be involved in very serious litigation concerning environmental, social or governance issues or socially controversial activities.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***
N/A
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
N/A
- ***How does the designated index differ from a relevant broad market index?***
N/A
- ***Where can the methodology used for the calculation of the designated index be found?***
N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

Further information on the product can be found at the following link:

<https://www.ersel.it/gruppo-ersel/sostenibilita>