

Informazioni sulla sostenibilità

A seguito dell'entrata in vigore del Regolamento Delegato (UE) 2022/1288 della Commissione del 6 aprile 2022 (la "SFDR – II livello") che integra il regolamento (UE) 2019/2088 del Parlamento Europeo e del Consiglio (la "SFDR – I livello") per quanto riguarda le norme tecniche di regolamentazione che specificano i dettagli del contenuto e della presentazione delle informazioni relative al principio «non arrecare un danno significativo», che specificano il contenuto, le metodologie e la presentazione delle informazioni relative agli indicatori di sostenibilità e agli effetti negativi per la sostenibilità, nonché il contenuto e la presentazione delle informazioni relative alla promozione delle caratteristiche ambientali o sociali e degli obiettivi di investimento sostenibile nei documenti precontrattuali, sui siti web e nelle relazioni periodiche, che sono parte del pacchetto di misure dell'UE circa le questioni ambientali, sociali e di governance, NEAM (di seguito "NEAM" o la "Società di gestione") si impegna a pubblicare sul proprio sito web informazioni conformi al capitolo IV della SFDR – II livello.

Sintesi

- **Nome del Comparto: NEF Ethical Balanced Conservative**
- Nessun obiettivo di investimento sostenibile: questo prodotto finanziario promuove alcune caratteristiche ambientali, sociali e di governance. Pur non avendo come obiettivo l'investimento sostenibile, una parte degli stessi è di natura sostenibile e contribuirà agli Obiettivi per lo Sviluppo Sostenibile delle Nazioni Unite.

Nel caso di investimenti in attività economiche che contribuiscono al raggiungimento di obiettivi ambientali e/o sociali, è necessario garantire che tali obiettivi non vengano significativamente compromessi. A tal fine, le attività economiche degli emittenti in cui si investe vengono esaminate sulla base dei principali indicatori di impatto negativo. Sulla base di tali indicatori, il Gestore degli investimenti effettua un'analisi per determinare se gli investimenti negli emittenti possano avere un impatto negativo significativo sui fattori di sostenibilità ("Principal Adverse Impact" o "PAI"). Nel caso in cui venga identificato un danno significativo, l'attività economica non sarà ritenuta conforme al principio di "non arrecare danni significativi" e non potrà essere considerata un'attività economica sostenibile.

Il Comparto valuta i principali impatti negativi dei propri investimenti attraverso una combinazione di processi interni come il rating ESG, le strategie di esclusione degli emittenti associati a comportamenti o attività controverse e il confronto con le società in cui è effettivo l'investimento.

- Caratteristiche ambientali o sociali del prodotto finanziario: il Comparto promuove alcune caratteristiche ambientali, sociali e di governance ("ESG") e cerca di investire principalmente in azioni ed obbligazioni emesse da società con profili ambientali, sociali e di governance di alta qualità, utilizzando anche come riferimento l'indice MSCI ESG World. In particolare, utilizzerà un rating ESG, come spiegato più avanti nelle altre sezioni del documento.

Il Comparto non investirà in emittenti sovrani di paesi o stati federali in cui vige la pena di morte e si asterrà inoltre dall'investire in società coinvolte in settori controversi quali alcol, armamenti, bombe a grappolo, gioco d'azzardo, armi nucleari, energia nucleare o uranio impoverito, materiale pornografico e tabacco.

- Strategia di investimento: Il Comparto è un comparto etico e bilanciato, il cui obiettivo è quello di ottenere una crescita del capitale, nel rispetto dei principi ESG a medio-lungo termine, attraverso un'allocazione attiva del rischio principalmente in obbligazioni e azioni. Il Comparto può investire in azioni, OICR/OICVM aperti, azioni e obbligazioni o strumenti a reddito fisso.

La promozione delle caratteristiche ambientali e sociali viene effettuata dal Comparto su base continuativa come parte del processo di investimento, applicando sia una valutazione negativa (criteri di esclusione) sia un criterio positivo attraverso una completa integrazione ESG. La strategia d'investimento include la valutazione delle pratiche di governance delle società partecipate.

- Quota degli investimenti: il Comparto investe almeno il 70% del proprio patrimonio netto in attività che sono state valutate "idonee" rispetto al processo ESG in vigore. Il Comparto deterrà un minimo del 5% del proprio patrimonio in investimenti sostenibili.

Fino al 30% degli investimenti potrebbe non essere in linea con queste caratteristiche.

- Monitoraggio delle caratteristiche ambientali o sociali: la conformità degli investimenti alle caratteristiche ambientali e sociali promosse viene monitorata quotidianamente. Inoltre, la funzione di gestione del rischio della Società di gestione controlla il rispetto degli elementi obbligatori. In questo modo, il Comparto utilizza indicatori ambientali e sociali per valutare se le caratteristiche ambientali e sociali promosse sono state raggiunte.
- Metodologie: il raggiungimento delle caratteristiche ambientali e sociali promosse viene valutato attraverso l'applicazione di una procedura di valutazione ESG riservata. La procedura prevede l'applicazione di una serie di criteri ESG (il "Filtro ESG") per constatare il raggiungimento delle caratteristiche ambientali e sociali promosse.
- Fonti e trattamento dei dati: il software esclusivo del Gestore degli investimenti per la Gestione Sostenibile del Portafoglio (GSP) utilizza dati provenienti da fornitori di dati terzi. La qualità dei dati è garantita dall'utilizzo di questi diversi fornitori di servizi (ad esempio, MSCI ESG Research LLC) al fine di usufruire della migliore qualità possibile dei dati.
- Limitazioni delle metodologie e dei dati: il Gestore degli investimenti si basa su dati forniti da fornitori di dati terzi che possono applicare modelli diversi e contenere dati imprecisi o incompleti. Questi limiti sono costantemente presi in considerazione e mitigati dal Gestore degli investimenti.
- Due diligence: il Gestore degli investimenti valuta gli emittenti che ritiene idonei in base alla tipologia di asset in cui è possibile l'investimento, effettuando un'adeguata due diligence. È stato delineato un sistema interno di linee guida e processi, che deve essere rispettato da tutti i soggetti coinvolti e che viene monitorato tenendo in debita considerazione il rischio. Il processo di investimento sostenibile del Comparto si basa anche sui migliori standard nazionali e internazionali che fungono da punto di riferimento per l'azione.

- Politiche di impegno: il Gestore degli investimenti mira a instaurare un dialogo costruttivo con le società oggetto di investimento in qualità di gestore patrimoniale attivo e consapevole. L'obiettivo primario è quello di esercitare un'influenza attiva sulle società in termini di prospettive e rischi legati ai fattori ESG. Il Gestore degli investimenti garantisce che i voti siano esercitati in modo sostenibile, tenendo conto del Regolamento (UE) 2019/2088 e del relativo quadro normativo.

No sustainable investment objective

This financial product does not have sustainable investments as its objective, but it will nevertheless commit to have a minimum portion of 5% of sustainable investments.

Such sustainable investments will contribute to at least one of the UN SDGs that relate to environmental and/or social objectives. Corresponding goals include the promotion of renewable energies and sustainable mobility, the protection of water and soil, and access to education and health. Furthermore, a contribution is to be made to the areas of energy efficiency, green buildings, clean water, environmental protection, sustainable consumption and the social sector. Therefore, investments are made in assets of issuers whose products/services contribute to these objectives.

In the case of investments in economic activities that contribute to environmental and/or social objectives, it must be ensured that these objectives are not significantly impaired. To ensure this, the economic activities of the issuers in whose asset's investments are made are reviewed on the basis of principal adverse impact indicators. Based on these indicators, an analysis is carried out by the Investment Manager (Union Investment Luxembourg S.A.) to determine whether investments in issuers may have a significant adverse impact on sustainability factors ("Principal Adverse Impact" or "PAI"). In case that a significant harm is identified, the economic activity fails the DNSH assessment and cannot be considered as sustainable economic activity.

This financial product considers principal adverse impacts of its investments through a combination of the internal process of the Investment Manager like, ESG rating, exclusion strategies, of issuers associated with controversial conduct or activities and engagement. The PAI as per table 1 (notably) are taken into account as shown in the processes below:

| Principal adverse impacts | Principal adverse impacts on investment decisions | Union ESG Internal Score | Union Exclusion strategy | Engagement |
|---------------------------|--|--------------------------|--------------------------|------------|
| Greenhouse gas emissions | 1. GHG emissions | YES | YES | YES |
| | 2. Carbon footprint | YES | YES | |
| | 3. GHG intensity of investee companies | YES | YES | |
| | 4. Exposure to companies active in the fossil fuel sector | YES | YES | |
| | 5. Share of non renewable energy consumption and production | YES | YES | |
| | 6. Energy consumption intensity per high impact climate sector | NO | YES | |

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|-----------------------------|---|-----|-----|-----|
| Biodiversity | 7. Activities negatively affecting biodiversity sensitive areas | YES | YES | YES |
| Water | 8. Emissions to water | YES | YES | YES |
| Waste | 9. Hazardous waste ratio | YES | YES | YES |
| Social and employee matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | YES | YES | YES |
| | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | YES | YES | |
| | 12. Unadjusted gender pay gap | YES | YES | |
| | 13. Board gender diversity | YES | YES | |
| | 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) | NO | YES | |

The OECD Guidelines for Multinational Enterprises, the core labour standards of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights are used in decisions on sustainable investments. To address this, the Investment Manager has issued guidelines that foresee these sets of rules. These guidelines are the "Human Rights Policy Statement" and the "Union Investment Engagement Policy" available on the Investment Manager website.

As a general matter, "the "do no significant harm" principle, as referred to in article 6 of the regulation (EU) 2020/852 of the European Parliament and of the council of 18 June 2020 on the establishment of a framework to facilitate sustainable does not apply to this Sub-Fund since the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The minimum proportion of 5% of sustainable investments is monitored by the Management Company. Indeed, on a quarterly basis, the Management Company runs a first quantitative screening and a detailed review process on the assets held by the Sub-Fund to ensure that minimum proportion of 5% of sustainable investments is met. In order to be classified as sustainable investment, an investment should imperatively:

- Contribute positively to any of the SDG principles which is meant to contribute to a social objective or;
- Be a Green Bonds, Social Bonds, Sustainable Bonds, or bonds linked to Sustainable / ESG / SDGs projects which is meant to contribute to a social or environmental objective depending on the nature of the bond

And

- Issuer minimum Governance ESG rating should not be below 25 according to Refinitiv. In case the rating is not available or if the Investment Manager disagrees with the Refinitiv score he should submit to the Manco a detailed analysis, that will be reviewed and potentially accepted by the Management committee;
- Issuer minimum ESG rating should not be below 41.67 according to Refinitiv;
- The DNSH principle is respected.

In case of breaches of this minimum percentage the Investment Manager will be enquired to provide evidence on the sustainability nature of the investments. Based on evidence sent by the Investment Manager and data coming from the Management Company service providers and/or public information the Management Company risk team will give his opinion about the sustainability of the security which should be validated by the Management Committee.

Environmental or social characteristics of the financial product

The Sub-Fund promotes some environmental, social and governance (“ESG”) characteristics, it seeks to invest mainly in stocks and bonds issued by companies with high quality Environmental, Social and Governance profiles by also using MSCI ESG World Index as investible universe. It will notably use an ESG rating as further explained in the other sections of this website disclosure.

The Sub-Fund invests primarily in assets selected based on sustainability criteria. Sustainability is understood to mean ecological (Environment - E) and social (Social - S) criteria as well as good corporate and government management (Governance - G). Corresponding criteria include CO2 emissions, protection of natural resources, biodiversity and water (Environment), anti-corruption measures, tax transparency (Governance) and health and safety at work (Social). When considering environmental and social characteristics, the Sub-Fund invests in assets of issuers that apply good corporate governance practices.

The Sub-Fund will not invest in sovereign issuers in countries or federal state where the death penalty applies and will also refrain to invest in companies involved in controversial sectors such as alcohol, armaments, cluster bombs, gambling, nuclear weapons, nuclear energy or depleted uranium, pornographic material and tobacco.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted.

Investment strategy

The Sub-Fund is an ethical and balanced sub-fund, whose objective is to achieve capital appreciation, by respecting ESG principles on medium/long term, through an active allocation of the risk mainly in bonds and equities.

Non-financial part of the investment strategy of the Sub-Fund: ESG analysis is embedded into the Investment Manager’s portfolio management systems. Indeed, the Investment Manager has taken the commitment to integrate ESG criteria into the investment process of the Sub-Fund, with an objective to invest mainly in stocks and bonds issued by companies with a high quality ESG profile, in addition to the financial objectives.

The investment strategy followed by this Sub-Fund is shaped according to a three-steps based approach:

1. Investible universe restriction: the Sub-Fund will invest only in companies included in the MSCI ESG World Index;
2. Application of ESG filter (positive screening), as further described in the next section “Methodologies”;
3. Compliance with the exclusion list (negative screening). This list is made of companies that are to be excluded if their main business activity is involved in some of the following business areas:
 - a. Alcohol
 - b. Armaments
 - c. Cluster bombs
 - d. Gambling
 - e. Nuclear weapons, nuclear energy or depleted uranium
 - f. Pornographic material
 - g. Tobacco

If an issuer becomes involved in one of the above business areas after investment, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.

Finally, the good governance principle is assessed following the below indicators :

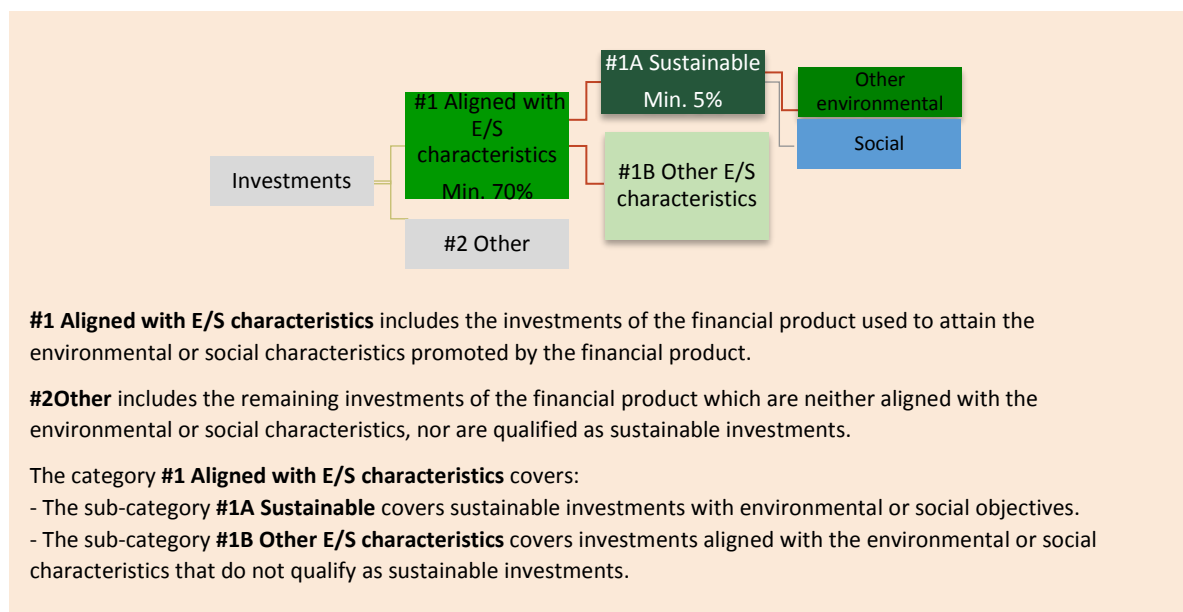
- The company must be listed in a major stock exchange in order to be considered having a good governance, as in order to be listed several policy and procedure regarding governance must be in place;
- The company should have a minimum Governance Pillar Score of 25 according to Refinitiv or equivalent third-party ESG rating provider.

Proportion of investments

The Sub-Fund invests at least 70% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (**#1 Aligned with E/S characteristics**), including:

- a minimum of 5% in sustainable investments (**#1A sustainable**);
- (**#1B Other E/S characteristics**) includes securities of issuers which are deemed to maintain favourable ESG characteristics but are not sustainable investments.

Up to 30% of the investments might be not aligned with these characteristics. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus of this financial product.



Monitoring of environmental or social characteristics

The promotion of E/S characteristics is carried out by the Sub-Fund on a continuous basis as part of the investment process (i.e. adherence to the exclusion policy is monitored with strict pre-trade restrictions as well as the restriction to consider as investible universe the MSCI ESG World Index which is an index constructed by applying a Best-in-Class selection process to companies that make up a global equity index).

In addition, risk management of the Management Company monitors on a daily basis adherence to the mandatory elements. In this manner, the Sub-Fund uses the environmental and social indicators to assess whether the promoted objective is achieved.

Methodologies

The attainment of the promoted environmental and social characteristics is assessed via the application of a proprietary ESG assessment methodology. The methodology applies a variety of “ESG Filter” to assess the attainment of the promoted environmental and social characteristics, which are as follows:

- Stocks and Corporate bond issuers: to be investable by the Sub-Fund, a company included in the MSCI World Index has to be included in the MSCI ESG World Index. A company not included in the MSCI World Index has to be assessed by a specific ESG analysis. If a company exits from MSCI ESG World Index, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company;

- b. Sovereign issuers: countries that apply the death penalty are excluded; in case of a Federation the exclusion is implemented only to the individual Federal State that apply the death penalty.
- c. The targeted open-ended UCIs/UCITS: those funds are included solely when all the following conditions are met:
 - They are at least classified as article 8 funds according to Regulation (EU) 2019/2088 ("SFDR");
 - They consider principal adverse impacts of its investment decisions on sustainability factors; and
 - Their minimum percentage of sustainable investments is equal or higher than NEF Ethical Balanced Conservative.

Additionally, all issuers must have an ESG rating. The Sub-Fund will invest in issuers with a ESG rating greater than or equal to 41.67 according to Refinitiv or equivalent third-party ESG rating providers or 30 as defined per Union Investment's in-house research – UniESG Score*.

Average ESG Portfolio Rating should not be below 66 according to Refinitiv or 45 according to UniESG Score or equivalent third-party ESG rating providers.

Should a sovereign related issuer (e.g. agencies, local authorities, sovereign owned/sponsored/guaranteed, etc.) not be covered by Union Investment's internal ESG rating research or a third-party ESG rating providers, the same methodology for sovereign issuers described below will apply.

In addition, the Investment Manager can invest up to 5% of the Sub-Fund's net assets in securities where no ESG rating is readily available (i.e. securities for which the Investment Manager has no UniESG Score available), but only when the Investment Manager has good reason to believe that the securities will receive a high ESG rating within a reasonable period of time by either a third-party ESG rating provider or the Investment Manager in-house research.

Once the ESG rating or analysis becomes available, should it not be in line with the limits of the mandate, the course of action will follow the process as described for ESG rating downgrades.

Green Bonds, Social Bonds, Sustainable Bonds, bonds issued by supranational issuers and all bonds linked to Sustainable / ESG / SDGs projects are accepted irrespective of the issuer and do not require a minimum ESG rating at individual issuer level.

** The UniESG Score can be used to measure the degree of sustainability of companies and countries. All dimensions of sustainability - especially environmental, social, and good corporate governance - are taken into account in that score. The UniESG Score is the basis for the dynamic best-in-class approach, which avoids the worst-in-class companies and favours the best-in-class companies. This sustainability approach selects those companies that set the highest standards in terms of environmental, social, corporate governance and business model in an industry comparison.*

Data sources and processing

Investment Manager level

Data used to analyse issuers and/or assets with regard to sustainability indicators is obtained from external service providers. In order to ensure a high data quality, the Investment Manager uses various service providers (e.g., MSCI ESG Research LLC, ISS ESG, RepRisk, Trucost and UNDP, Freedom House,

Transparency International (Corruption Index)) in order to benefit from the highest possible data quality.

Providers of sustainability data are checked during the selection process with regard to the quality of the data they are to supply. Control actions are carried out as part of the delivery of data. These are, in particular, checks on the regular receipt of data and whether data have been supplied in the manner defined by the company. In addition, checks are made to ensure that the data supplied has been correctly imported into the Investment Manager's internal systems.

Raw data flows into software for sustainable portfolio management, which processes the corresponding data automatically. On the basis of these results, it can be checked for the Sub-Fund, for example, whether the specified exclusion criteria are met.

Only a very small proportion of this data is estimated due to a lack of reporting at company level. Average values for industries or sectors are used for this purpose.

The investable third-party UCIs are screened by assessing their pre-contractual annex.

Management Company level

The Management Company, in his role of oversight, uses the following data sources:

- Authorized investible universe: MSCI ESG World Index
- ESG score: Refinitiv, ISS
- the exclusion process uses: Refinitiv,
- the valuation of sustainability risk is mainly based on Refinitiv data and ISS Datadesk data. Whenever the issuer's sustainability risk cannot be measured by neither Refinitiv nor ISS Datadesk, the Investment Manager is requested to submit his internal ESG score and analysis which is further analysed by the Management Company and compare with other ESG ratings providers and others public information.

The quality of the data is ensure by the comparison of different data service providers available at Manco level (Refinitiv and ISS) as well as through the comparison with delegated Investment Manager evidence and public information.

In the case of Refinitiv and ISS the data processing is automatic. In the case data are processed manually the Management Committee is reviewing the analysis performed by the risk team to ensure a final cross-review.

Limitation to methodologies and data

Currently, only certain companies are required to publish sustainability information in their annual reports. Where a complete assessment of the companies and/or assets with regard to the fulfilment of the environmental and social characteristics is not possible due to a lack of data availability, recourse can be made to in-house research. In these cases, sustainability indicators are assigned to the issuers, thus enabling the Sub-Fund to fulfil its environmental and/or social characteristics.

Furthermore, company dialogs address content that is more difficult to measure or quantify due to a lack of reporting. The analyses of the issuers and/or assets of the Sub-Fund as well as the engagement

are carried out on a regular basis, i.e. at least annually and on an event-driven basis. For more information on engagement, please refer to the section "Engagement Policy".

Despite the partially limited data situation, it can therefore be achieved through the measures described that the environmental and/or social characteristics promoted by the financial product are fulfilled.

Due diligence

The Investment Manager assess the issuer it considers eligible as per the investment universe by conducting an appropriate due diligence as per the process outlined in this section.

The Investment Manager is committed to the fiduciary principle and acts exclusively in the interests of investors. This principle is integrated into the company's business processes. To this end, an internal system of guidelines and processes has been established, which must be complied with by all units and is monitored in a risk-oriented manner by the responsible compliance department within the Investment Manager.

In addition to complying with the relevant applicable laws and regulatory requirements, the Sub-Fund's sustainable investment process is based on leading national and international standards that serve as a benchmark for action.

In particular, the Investment Manager relies on the following sets of rules:

- the United Nations Principles for Responsible Investment (PRI);
- the UN Global Compact;
- the Oslo Convention on Cluster Munitions;
- the Ottawa Convention on the Prohibition of Anti-Personnel Mines;
- the BVI Code of Conduct;
- the BVI Guidelines for Sustainable Real Estate Portfolio Management;
- the Sustainability Code of the Real Estate Industry;

During the acquisition and ongoing analysis of the Sub-Fund's assets, sustainability risks are taken into account as part of the company's general due diligence obligations and in the risk analysis.

Engagement policies

As part of the Sub-Fund's investment strategy, the Investment Manager aims to enter into a constructive dialogue with the invested companies, either alone or in association, as a responsible and active asset manager. This approach is referred to as engagement. The primary objective is to actively influence companies in terms of opportunities and risks related to ESG factors. On the one hand, these dialogs examine whether and to what extent sustainability is part of the business strategy. On the other hand, it is required to consistently pursue sustainability to the extent that it is beneficial for the investor.

Responsible corporate management is expected to take into account not only purely economic targets, but also social, ethical and environmental aspects. These target figures are particularly endorsed by society if they promote the long-term interests of shareholders and creditors and thus the long-term value of the company. Companies are required to comply with good corporate governance standards with regard to, among other things, shareholder and creditor rights, composition and compensation of the Executive Board and Supervisory Board, corporate actions, auditors and transparency.

By exercising its shareholder and creditor rights, the Investment Manager can advocate good governance at the Annual General Meeting of companies. The analysis required for this is supported by data from various providers and research from voting consultants. The basis for voting behavior is the current Proxy Voting Policy (Union Investment voting policy). While the Proxy Voting Policy provides a framework for voting behavior, the Engagement Policy forms a guideline for direct corporate dialog as part of engagement activities, from which deviations are only made in justified individual cases. Both policies are updated annually and can be found at this Link:

<https://union-investment.com/home/Media-Center/Download-Center.html>.

In this way, a positive contribution is to be made to sustainably increasing the value of the company and to responsible corporate governance.

In the event of serious violations of, for example, the principles of the UN Global Compact or the labor standards of the International Labor Organization (ILO), and if no positive result has been achieved through engagement dialogs with issuers, this may in extreme cases lead to the exclusion of issuers from the investment universe.

The Investment Manager ensures that votes are exercised in a sustainable manner, taking into account the Regulation (EU) 2019/2088 and the related regulatory framework. The Management Company encourages the Investment Manager to take part in the active and responsible role as shareholder in the companies the Sub-Fund(s) invest in with emphasis on sustainability, activity and responsibility.