May 2025

SIDERA FUNDS SICAV – CHRISTIAN EQUITY (LEI: 635400WUUOOVIBTSF238)
(the "Sub-Fund")

Capitalised terms have the same meaning as defined in the Sidera Funds Sicav Prospectus.

Summary

This Sub-Fund promotes environmental, social and governance characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27/11/2019, as subsequently amended.
Based on a proprietary model and using data from the information provider MSCI, the Sub-Fund is assigned an ESG rating that must be at least equal to that of its benchmark (100% MSCI ACWI ESG Leaders Net Return EUR), selected to meet the environmental or social characteristics promoted by the Sub-Fund.
The ESG score of the Sub-Fund is calculated as the asset-weighted average of the ESG scores of the issuers of the financial instruments in the portfolio. Through this approach, the Investment Manager, in addition to integrating sustainability risks into investment decisions, aims to ensure that the Sub-Fund achieves and maintains a high sustainability profile.
The Sub-Fund primarily invests in companies with high standards and ratings in environmental and/or social matters.
This financial product promotes environmental and social characteristics aimed at reducing the negative impact of its investments on the environment and society. The minimum proportion of investments promoting environmental/social characteristics is set at 80% of the financial instruments in the portfolio (excluding instruments related to liquidity management and derivative financial instruments for hedging purposes). The minimum proportion of sustainable investments is set at 50% of the financial instruments in the portfolio (with the same exclusions).
The environmental objectives of the sustainable investments include climate change mitigation and adaptation. Social objectives include fair working conditions, anti-corruption and equal opportunities. Compliance with "good governance practices" and the "do no significant harm" (DNSH) principle (including consideration of Principal Adverse Impact - PAI indicators) is also ensured.
Securities of issuers classified as "not aligned with environmental, social and governance sustainability themes" (black list) are not eligible for direct investment in the Fund's portfolio (black list governments/"controversial weapons", exclusion of aerospace & defence, casino & gaming and tobacco and instruments with a "red flag" indicating serious ESG controversies).
In addition, issuers that do not comply with Christian investment guidelines are excluded.
Environmental or social characteristics promoted by the financial product are monitored throughout the life cycle via first- and second-level controls. The Investment Manager has assigned a dedicated team to conduct line controls, including data collection, ESG rating assessment, sustainability criteria verification and black list maintenance.
The Compliance Department verifies adherence to ESG Policy ratings and criteria and evaluates the need to update the black list, involving the ESG Committee. Control results are reported to relevant departments and company bodies. These prohibitions are absolute and non-negotiable.
MSCI data is verified through automated procedures. Given the limited availability of issuer-disclosed data, MSCI estimates may be significantly relied upon. ESG risk assessments are based on MSCI data and other public/private sources and may be incomplete, inaccurate, or unavailable. Consequently, there is a risk of misassessment. Neither the Funds, the Investment Manager, nor the portfolio managers provide any warranties (explicit or implied) regarding the fairness, accuracy, or completeness of ESG assessments.
The Investment Manager has implemented internal controls and methodologies to ensure such limitations do not impair the achievement of the product's ESG characteristics.

An internal Policy has been adopted to define governance structures and processes ensuring ESG compliance of managed portfolios. Arca Fondi SGR also applies engagement policies in line with the "Italian Stewardship Principles" to promote sound governance among investee companies.

No Sustainable Investment Objective

This financial product promotes environmental or social characteristics but does not aim for sustainable investment as its objective.
Sidera Funds Christian Equity primarily invests in financial instruments issued by entities with high environmental, social and governance standards.
The minimum proportion of sustainable investments is set at 50% of the financial instruments in the portfolio (excluding liquidity and hedging instruments).
Environmental goals include climate change mitigation and adaptation; social goals include fair working conditions, anti-corruption and equal opportunities.
A proprietary model is applied to ensure sustainable investments do not significantly harm any environmental or social objective as per Article 2(17) of Regulation (EU) 2019/2088. DNSH is verified using a proprietary methodology based on ESG ratings from MSCI; each sustainable investment must have a minimum ESG rating of BBB-.
DNSH compliance also considers PAI values from Table 1 (and selected items from Tables 2 and 3) of Annex 1 of Delegated Regulation (EU) 2022/1288. Investments with more than 4 PAIs in the bottom decile are deemed non-compliant.

Portfolio alignment with OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights is assessed through PAI 10 and PAI 11 from Table 1 of Annex 1 of the same Delegated Regulation. Issuers are compliant if at least one of the two PAIs is met.

Environmental or Social Characteristics of the financial product

Sidera Funds Christian Equity promotes environmental, social and governance characteristics under Article 8 of Regulation (EU) 2019/2088.
The Sub-Fund primarily invests in companies with strong performance in environmental and/or social areas.
Environmental focus: climate change mitigation and environmental preservation.
Social focus: fair working conditions, anti-corruption, equal opportunities.
To ensure compliance, Arca Fondi SGR applies a strict approach requiring that the Sub-Fund's ESG rating is at least equal to that of the benchmark index: MSCI ACWI ESG Leaders Net Return EUR.
This method integrates ESG risks into investment decisions and supports a high sustainability profile.

Investment Strategy

The Sub-Fund mainly invests in equities or equity-related instruments, primarily in developed and emerging markets. Exposure to Chinese instruments may occur indirectly via derivatives, UCITS/AIFs, ADRs, GDRs, or H-shares in Hong Kong.
Focus is on large- and mid-cap companies.
A proprietary methodology is used to assess all financial instruments from a sustainability perspective, by breaking them down into components (equities or bonds) and assigning sustainability metrics.
The Sub-Fund benchmark is the index MSCI ACWI ESG Leaders Net Return EUR.
Governance practices are assessed using MSCI data. Exclusion of instruments flagged with serious governance issues ensures compliance. The ESG model incorporates the "G" pillar to evaluate governance factors (such as, for example, corporate governance practices, any governance controversies, procedures for monitoring the behavior of top management in compliance with laws and professional ethics, etc.). An additional requirement for sustainable investments is an internal "G" rating of at least B-.

Proportion of Investments

The share of investments that promote environmental and/or social characteristics is set at a minimum of 80% of the financial instruments in the portfolio (in calculating this share, certain instruments are excluded, such as those related to liquidity management and derivative financial instruments used for hedging purposes).

A security is considered to promote environmental and/or social characteristics when:

- the issuer is included in at least one index that applies specific ESG inclusion/exclusion policies. The selected indices belong either to the "Best-in-Class" family (securities issued by companies with high environmental, social and governance performance compared to their sector peers), or are designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. These indices include: MSCI World AC ESG Leaders, MSCI World AC Climate Paris Aligned, MSCI Europe Climate Paris Aligned, MSCI USA Climate Paris Aligned, MSCI EUR IG Climate Paris Aligned Corp Bond, MSCI USD IG Climate Paris Aligned Corp Bond, MSCI EUR HY Climate Paris Aligned Corp Bond, MSCI USD HY Climate Paris Aligned Corp Bond. In addition, the issuer must have an ESG rating of at least BBB-;
- the issuer is part of the investable universe (based on proprietary methodology) classified as "Social", "Blue", or other internally created ESG investable universes. In addition, the issuer must have an ESG rating of at least BBB-;
- the security is classified as a "Green Bond" and/or a "Social Bond" or is included in one of the identified indices (ICE BofA Green Bond Index, ICE BofA Social Bond Index).

The share of sustainable investments is set at a minimum of 50%* of the financial instruments in the portfolio.

* Certain instruments are excluded from the calculation of this share, such as those related to liquidity management and derivative financial instruments used for hedging purposes.

A security is considered a sustainable investment when:

- the issuer is included in an index designed to exceed the minimum standards of the EU Paris-Aligned Benchmark (MSCI World AC Climate Paris Aligned, MSCI Europe Climate Paris Aligned, MSCI USA Climate Paris Aligned, MSCI EUR IG Climate Paris Aligned Corp Bond, MSCI USD IG Climate Paris Aligned Corp Bond, MSCI EUR HY Climate Paris Aligned Corp Bond, MSCI USD HY Climate Paris Aligned Corp Bond). In addition, the issuer must have an ESG rating of at least BBB- and an internal "G" rating of at least B-;
- the issuer is part of the investable universe (based on proprietary methodology) classified as "Social", "Blue", or other internally created ESG investable universes. In addition, the issuer must have an ESG rating of at least BBB-, an internal "G" rating of at least B- and must take into account the PAI;
- the security is classified as a "Green Bond" and/or a "Social Bond", or is included in one of the identified indices (ICE BofA Green Bond Index, ICE BofA Social Bond Index).

The Fund's standard allocation is composed of 100 percent in financial instruments of an equity nature. The financial instruments in which the Sub-Fund may invest are primarily related to issuers with solid long-term growth prospects and high environmental, social and governance standards.
Derivative financial instruments used for investment purposes are subject to ESG assessments. The Sub-Fund may also use other derivative financial instruments, such as those for hedging purposes, which do not promote environmental, social or governance characteristics.

The Fund applies exclusions in line with the regulatory requirements set forth in the "ESMA Guidelines on the Use of Environmental, Social and Governance or Sustainability-Related Terms in Fund Names." For completeness, the regulatory requirements can be summarized as:

- The Fund has a minimum threshold of 80% investment to meet environmental/social characteristics.
- In addition, the Fund applies exclusions to investments in the following companies:
  a) companies involved in controversial arms-related activities;
  b) companies involved in the cultivation and production of tobacco;
  c) companies for which the directors of benchmark indices have found violations of the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises.

Monitoring of Environmental or Social Characteristics

Continuous monitoring through first- and second-level controls.
A dedicated internal unit oversees ESG data collection, ESG rating calculation, sustainability criteria checks, monitoring of sustainability objectives and PAI indicators and black list management.

Compliance Department verifies adherence to ESG Policy and oversees blacklist updates with input from the ESG Committee. Control results are shared with relevant teams and corporate governance bodies.
ESG compliance is also automatically checked through control systems.

Methodologies

A proprietary model using MSCI data assigns ESG ratings to financial instruments in the portfolio (excluding unrated, liquidity, or hedging-related instruments).
Ratings range from CCC to AAA, with granularity comparable to credit ratings (e.g., A-, A, A+).

To verify compliance with the Sub-Fund's ESG characteristics, Arca Fondi SGR ensures:

- ESG rating ≥ benchmark index (MSCI ACWI ESG Leaders Net Return EUR);
- use of internal "G" rating for good governance assessment;
- use of ESG rating and PAI indicators to verify DNSH compliance.

Data Sources and Processing

MSCI is the primary data provider for the proprietary model.

Key data include:

- ESG ratings (overall and per pillar: E, S, G);
- PAI values of issuers;
- issuer involvement in controversies;
- other sustainability indicators.

Specifically, the ratings provided by the model are between CCC and AAA with a gradation that assumes the same granularity as that provided for credit ratings (e.g., the A rating is divided into A-, A and A+).
Equity and bond instruments receive ESG ratings based on MSCI data, supplemented with internal questionnaires for Italian SMEs. Composite instruments (e.g., futures, fund shares) receive scores based on underlying components.
Each instrument also carries an MSCI "flag" for ESG controversies. Depending on the severity of any dispute, the score assigned to the instrument is reduced to levels consistent with a rating of BB. Issuers belonging to specific sub-sectors (Aerospace & Defense, Casino & Gaming) are also penalized with an algorithm that gives these issuers a minimum score. Data provided by MSCI are checked and verified through automated procedures. Given the still partial availability of data published directly by issuers, the SGR states that the estimates provided by MSCI may also be used to a relevant extent.

Limitations of Methodologies and Data

ESG risk assessments are based on MSCI and other public/private data, which may be incomplete, inaccurate, or unavailable. This may result in misassessment of instruments or issuers.
Neither the Funds, the Investment Manager, nor the portfolio managers guarantee the fairness, accuracy, or completeness of ESG assessments.
Internal controls and methodologies are in place to mitigate the impact of these limitations on the ESG characteristics of the financial product.

Due Diligence

The Investment Manager has an internal Policy defining processes for integrating ESG strategy, organisational structure and business operations.
To ensure due diligence on Sub-Fund investments, the Company uses safeguards (internal and external data) to evaluate all financial instruments' sustainability. Specific eligibility criteria define the investable universe.
Compliance with ESG Policy is verified by the Compliance Department.

Engagement Policies

Arca Fondi SGR has established an engagement policy aligned with its strategy for exercising rights attached to portfolio-held financial instruments.

The policy reflects a commitment to exercising such rights responsibly, in the exclusive interest of portfolio holders and sets out general voting criteria for shareholder meetings.
The Investment Manager follows the "Italian Stewardship Principles" and Assogestioni best practice recommendations.
A proportionality system is used to identify significant issuers within portfolios and ensure appropriate participation in minority slate nominations and votes.
Voting rights are exercised with support from a specialised Proxy Advisor, which incorporates sustainability factors in its analysis and voting recommendations.
Arca Fondi also engages with Italian SMEs specifically on ESG issues, enabling direct dialogue and assessment of ESG impacts.

Designated Reference Benchmark

Not applicable.