SFDR RTS ANNEX 1 – 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: Sidera Funds – Euro ESG Credit (the "**Sub-Fund**")

Legal entity identifier: 5493002RLYEJJ6YVQF80

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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

[ ] **Yes**	[x] **No**
[ ] It will make a minimum of **sustainable investments with an environmental objective:** ___%	[x] 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 50% of sustainable investments
[ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] 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	[x] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[ ] It will make a minimum of **sustainable investments 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?

The Sub-Fund promotes the environmental and social characteristics of reducing the negative impacts of its investments on the environment and society. Such characteristics are promoted via a proprietary model developed by the Investment Manager through which investments are made in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG.

In its ESG evaluation, the Investment Manager takes into account the following environmental and social factors: climate change, resource depletion, waste and pollution, deforestation, worker conditions, gender policies, respect for human rights, health and safety, labour standards, corporate governance practices and control procedures behaviour of top management in compliance with laws and professional ethics.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.

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

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

In order to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund, the Investment Manager takes into account the following sustainability indicators:

• The ESG rating of the Sub-Fund's portfolio against the ESG Index, as defined in the investment strategy section below;
• Percentage of issuers non-compliant with the Sub-Fund's exclusion criteria, as detailed in the investment strategy section below.

- ***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?***

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 sustainable investment objectives that the financial product aims to partially achieve include climate change mitigation and adaptation.

To contribute to the above objectives, the issuer of an investment should belong to at least one index designed to exceed the minimum standards of the PAB. Among the possible investable PABs are:

- 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; and
- MSCI USD HY Climate Paris Aligned Corp Bond.

Can also contribute to the above objectives, issuers that belong to the investable universes "Social" or "Blue" based on the internal ESG methodology.

With reference to the Social' investable universe, to enable the selection of the best issuers, a synthetic indicator is constructed using key data on social issues (e.g. gender diversity in the board of directors, gender pay gap, accident rate at work, respect for human rights, "S" rating, etc.). The universe is then made of the best 60% ranked companies.

With reference to the Blue' investable universe, in order to allow the selection of the best issuers, a synthetic indicator is constructed using key data on water and blue economy issues (e.g.: turnover generated by water and marine-related sectors, emissions and recycling policies, presence of specific targets and absence of environmental controversies, sustainability in water use, etc.). The universe is then made approximately of the best 250 ranked companies.

For investments classified as “Green Bond” and/or “Social Bond”, the contribution to the sustainable investment objectives is assessed by their belonging to the ICE BofA Green Bond Index or the ICE Social Bond Index.

The sustainable nature of an issuer is also assessed using the internal ESG rating which should be higher than BBB- on a scale from AAA (the best rating) to CCC (the worst score). In addition, to qualify as sustainable investment, the issuer must demonstrate having a stronger governance than issuers contributing to the promoted environmental and social characteristics by having an internal governance (“G”) rating of at least B-.

For details on the metrics used, please refer to the section *“What investment strategy does this financial product follow?”* of this document.

- ***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?***

The Sub-Fund applies an internally developed model to ensure that sustainable investments in the portfolio do not cause significant harm to any environmental or social objectives as defined in Article 2(17) of SFDR. Specifically, the "do no significant harm" (DNSH) principle is assessed by the Investment Manager through a specific approach that involves evaluating the ESG rating, calculated using an internal model based on data from the info provider MSCI, for all sustainable investments in the portfolio. For details on this internal model for ESG rating attribution, please refer to the below investment strategy section. Each sustainable investment must have an ESG rating of at least BBB-.

In addition, to ensure that sustainable investments in the portfolio do not cause significant harm to any environmental or social objectives, the Investment Manager takes into consideration the principal adverse impacts (PAIs) on sustainability factors, as further described below.

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

Indeed, to assess the DNSH principle for sustainable investments, the Sub-Fund also considers all the mandatory PAIs listed in Table 1 of Annex 1 of the SFDR RTS, supplemented with elements from Tables 2 and 3 of Annex 1 of the SFDR RTS (specifically, PAI 13 "Non-recycled waste ratio" and PAI 2 "Rate of accidents").

The application of exclusionary screening addresses the PAI 10 on violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, PAI 11 on the lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and PAI 14 on contriversial weapons.

The consideration of all other PAIs is ensured by calculating the value of each PAI for the investable universe of the MSCI data provider and comparing these values with the PAI of each investment. The DNSH principle will be deemed satisfied if the sustainable investment in question does not have more than four PAIs in the bottom decile of its MSCI investable universe.

It is indeed possible that some PAIs for certain investments have a low data coverage or are not available, in which case they should fall in the bottom decile. In this case, to ensure that the

DNSH principle is respected, the investment must have a minimum ESG rating of BBB- or be subject to engagment actions. If the engagment actions do not lead to the desired outcomes within the set timeframe, the investment will not qualify as sustainable anymore.

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

The alignment of the portfolio with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights applies to all instruments in the portfolio and is ensured using the values of PAI 10, "Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises," and PAI 11, "Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises," as specified in Table 1 of Annex 1 of the SFDR RTS.

An issuer is considered aligned if it is not in violation of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises or if it has in place processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

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, the Sub-Fund considers the PAIs listed in Table 1 of Annex 1 of the SFDR RTS, supplemented with elements from Tables 2 and 3 of Annex 1 of the SFDR RTS (specifically, PAI 13 "Non-recycled waste ratio" and PAI 2 "Rate of accidents"). Information on the principal adverse impacts on sustainability factors will be made available in the annual report to be disclosed pursuant to Article 11(2) of SFDR.

☐ 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.

The Investment Manager conducts an ESG analysis on the securities issued by the issuers by relying on its proprietary model as hereby described. For that purpose, the Investment Manager selects securities that are part of the ICE BofA Euro Large Cap Corporate Duration-Matched ESG Tilt Index (Bloomberg ELSE) (the "**ESG Index**"). The Sub-Fund is actively managed in reference to the ESG Index with significant degree of freedom.

The ESG Index is tilted toward those companies with better ESG scores with additional weighting adjustments to match its parent index interest rate exposure across rating and sector segments as closely as possible. The information used by the ESG Index provider to compile the ESG Index is based in part on proprietary information published on Sustainalytics' website. The ESG Index is continuously reviewed and rebalanced on a monthly basis by the ESG Index provider.

As part of the investment process, the Investment Manager may take exposure to companies, countries or sectors not included in and/or that have different weightings than the ESG Index. The Investment Manager may set discretionary internal risk thresholds which may reference deviations from the ESG Index. While it is expected that the Sub-Fund's financial performance deviation from the ESG Index will be moderate, there are no restrictions on the extent to which the Sub-Fund's financial performance may deviate from the one of the ESG Index.

The proprietary model underlying the investment strategy of the Sub-Fund relies on:

- **ESG rating of investments**

The Investment Manager has developed a proprietary model that, based on data from the info provider MSCI, assigns an ESG score/rating to all financial instruments in the portfolio (excluding unrated instruments, liquidity management instruments, derivatives used for hedging purposes, etc.). In addition to the aggregate ESG score, data is also available for each of the three "pillars": E (Environmental), S (Social), and G (Governance).

The calculation of the ESG rating for a Sub-Fund, portfolio, or index (or benchmark) is based on the determination of the weighted sum of the ratings of the securities in the portfolio and can range from 0 to 10, according to the following pillar weights: 50%E + 25%S + 25%G. This score is then translated into a rating ranging from CCC (the lowest grade) to AAA (the highest grade).

The Investment Manager adopts a rigorous approach, requiring that the Sub-Fund's portfolio must have an overall ESG rating higher than or equal to that of the ESG Index.

The Investment Manager's Compliance Department is responsible for verifying adherence to the ratings and criteria established by the Investment Manager's ESG Policy and for evaluating the need to update the blacklist (i.e. the list of companies excluded from the investment universe), involving the ESG Committee as necessary. The results of these checks are promptly communicated to the relevant departments and reported monthly to the risk and regulatory compliance committee, as well as the Board of Directors. Quarterly updates are also provided to the internal control committee.

The consistency of portfolio adherence to ESG principles is automatically monitored through specific algorithms embedded in Investment Manager's control systems. In fact, the Investment Manager's control systems, supported by specific algorithms, automatically monitor portfolio adherence to ESG principles. In cases where an investment no longer qualifies as aligned with

E/S characteristics or as a sustainable investment, divestment is considered as the primary course of action.

- **<u>Exclusion criteria</u>**

  - Securities from issuers evaluated as "not aligned with environmental, social, and governance themes" cannot be directly invested in the Sub-Fund portfolio (blacklist of government issuers/"controversial weapons" sector, exclusion of sectors such as "aerospace & defence, casino & gaming, and tobacco," exclusion of all financial instruments associated with a "red flag" indicating involvement in a severe ESG dispute regarding operations and/or products).
  - Penalisation of the score of securities involved in the following corporate sectors, Aerospace & Defence due to their involvement in the weapons industry and military contracting, Casinos & Gaming due to their socially harmful activities in the rating model by attributing to these sectors a score equal to the minimum between the score provided by MSCI and the upper bound of the CCC rating band.
  - Application of two blacklists maintained by the Investment Manager which exclude:
    - Government bonds issued by countries and corporate sectors that are deemed not eligible for investments. Countries will enter this blacklist upon decision of an ESG Committee, based on the assessment of their respect of social and civil rights or if subject to international sanctions.
    - Companies active in the non-conventional weapons production (landmines, cluster munitions, chemical weapons and biological weapons).
  - Exclusion of issuers in violation of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises and/or issuers that do not have in place processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition to the above-described exclusions, the Sub-Fund applies the PAB Exclusions in line with the regulatory requirements set out by the ESMA in the Guidelines on funds' names using ESG or sustainability-related terms.

- **<u>Selection of investments</u>**

- A security is deemed to promote environmental and/or social characteristics when:
  - The issuer belongs to at least one index that applies specific inclusion/exclusion policies regarding ESG factors. The identified indices, which belong to the "Best-in-Class" family (securities from companies with high environmental, social, and governance performance compared to their sector peers) or are designed to exceed the minimum standards of the PAB, are as follows: 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. The issuer must also have an ESG rating of at least BBB-.
  - The issuer belongs to the investable universe (proprietary methodology) "Social," "Blue," or other internally created ESG investable universes. The issuer must also have an ESG rating of at least BBB-.
  - It is classified as a "Green Bond" and/or "Social Bond" or belongs to an index among those identified (ICE BofA Green Bond Index, ICE Social Bond Index).

- A security is considered a sustainable investment within the meaning of SFDR when, in addition to passing the DNSH test as referred to above:

- The issuer belongs to at least one index designed to exceed the minimum standards of the PAB (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). The issuer must also have an ESG rating of at least BBB-, an internal "G" rating of at least B- (details in other sections of this document) and must account for the PAIs (for details, refer to other sections of this document);
- The issuer belongs to the investable universe (proprietary methodology) "Social," "Blue," or other internally created ESG investable universes. The issuer must also have an ESG rating of at least BBB an internal "G" rating of at least B- (details in other sections of this document), and must account for the PAIs (for details, refer to other sections of this document);
- It is classified as a "Green Bond" and/or "Social Bond" or belongs to an index among those identified (ICE BofA Green Bond Index, ICE Social Bond Index).

- ***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 binding criteria used by the Investment Manager to select the investments are the following:

- The Sub-Fund's portfolio must have an overall ESG rating higher than or equal to that of the ESG Index.
- The Sub-Fund will not make any investments in companies not complying with the exclusion criteria as referred in the section above.
- The Sub-Fund will only invest in companies having an ESG rating above BBB- for the purpose of promoting environmental and/or social characteristics as per the above-mentioned performed assessment.
- The Sub-Fund will only make sustainable investments in issuers belonging to at least one index designed to exceed the minimum standards of the PAB and rated at least BBB.

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

The Sub-Fund currently does not set a minimum rate to reduce the scope of investments considered before applying this investment strategy.

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

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

To evaluate the governance practices of the investee companies, the Investment Manager relies on governance information provided by the MSCI info provider and assesses it appropriately. Compliance with good governance practices is verified through the exclusion of the "red flag on governance," which indicates involvement in a serious governance-related controversy, through careful monitoring of issuers within the investable universe of the Sub-Fund, and through integration into the Investment Manager's evaluation model (ESG rating), which includes the "G" pillar that accounts for governance factors (such as corporate governance practices, any governance-related controversies, procedures for monitoring top management's behavior in compliance with laws and professional ethics, etc.). In addition to the above, the Investment Manager has defined a further criterion for sustainable investments: the issuer must present a "G" rating, calculated through the internal model, of at least B-.

What is the asset allocation planned for this financial product?

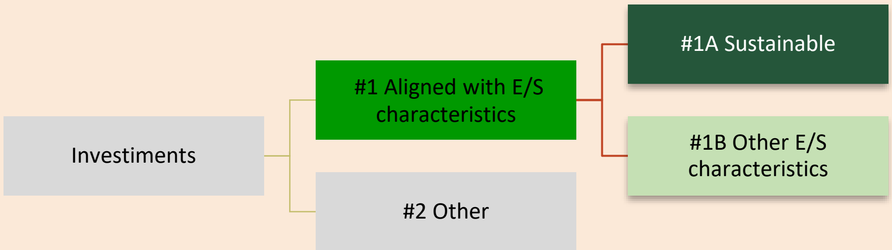
At least 80% of the Sub-Fund's Net Asset Value will be invested in securities which are aligned with the environmental and social characteristics promoted by the Sub-Fund (#1 Aligned with E/S characteristics).

In addition, the share of sustainable investments is set at a minimum of 50% of the Sub-Fund's Net Asset Value.

The Sub-Fund is allowed to invest a maximum of 20% of the Net Asset Value in investments that are not aligned with the E/S characteristics promoted and that may include investments in liquid assets held mainly for cash management purposes, investments in securities held mainly for efficient portfolio management purposes, and/or for which there is insufficient data to be considered an ESG-related investment (#2 Other).

The Sub-Fund intends to increase the allocation to "#1 Aligned with E/S characteristics" should the investible universe evolve to allow a higher level of investment.

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 meet the environmental or social characteristics promoted by the financial product.
#2 Others includes the remaining investments of the financial product that are neither aligned with environmental or social characteristics, nor considered sustainable investments.
The category #1 Aligned with E/S characteristics includes:
- Subcategory #1A Sustainable, which includes sustainable investments with environmental or social objectives;
- Subcategory #1B Other E/S characteristics, which includes investments aligned with environmental or social characteristics but not considered sustainable investments.

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

Derivatives used for investment purposes are subject to compliance with the above-described ESG analysis. In case of index derivatives, a look through is applied.

The Sub-Fund may also hold derivatives for hedging purposes. In this case, net short positions on single name derivatives or net short positions on index derivatives are excluded from the ESG analysis.

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

The Sub-Fund does not currently commit to invest a minimum proportion of "sustainable investments" with an environmental objective aligned with the EU Taxonomy. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time. Consequently, the Sub-Fund's commitment to make "environmentally sustainable investments" within the meaning of the EU Taxonomy Regulation is set at 0%.

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.

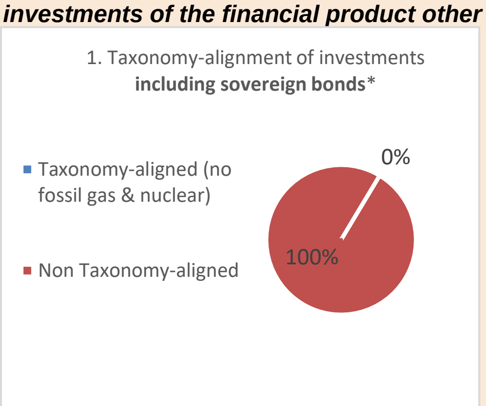
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[14]?***

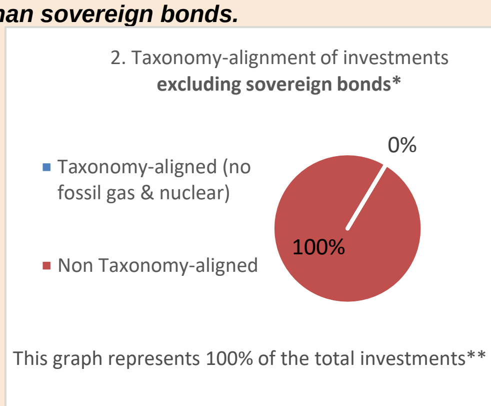
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in blue 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.*

*** The proportion of total investments shown in this graph is purely indicative and may vary.*

At the moment, detailed data related to taxonomy in activities connected to fossil gas and nuclear are not available, therefore only the aggregated value is provided.

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

As the Sub-Fund does not commit to invest any "sustainable investment" within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.

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

The Sub-Fund commits to a minimum proportion of 50% of sustainable investments with an environmental objective aligned with SFDR in economic activities that are not aligned with the EU Taxonomy and/or with a social objective. These investments could be aligned with the EU Taxonomy but the Investment Manager is not currently in a position to specify the exact proportion of the Sub-Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

[14] 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 the SFDR RTS.

What is the minimum share of socially sustainable investments?

Not applicable.

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

#2 "Other" investments may include investments in:

- Liquid assets (cash and cash equivalents, time and term deposits) held for the purposes of servicing the day-to-day requirements of the Sub-Fund,
- Currency derivatives, repurchase agreement, interest rate swaps, government bonds with IR Duration lower than one (1) year held for the purposes of efficient portfolio management,
- Own or third party funds with an ESG rating coverage lower than 65% or investments for which there is insufficient data to be considered investments aligned with E/S characteristics or sustainable investments,
- Sovereign bond instruments not classified as green bonds and/or social bonds.

#2 "Other" investments do not follow any minimum environmental or social safeguards.

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.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.siderafunds.com/en/sustainability.html