

## **Disclosure under Article 3 SFDR Regulations - Transparency of sustainability risk policies.**

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The SGR recognizes the importance of proper management of sustainability risks for the purpose of protecting the value and profitability of the assets in which the assets of the funds under management are invested and, to this end, has established special guidelines and policies for the integration of sustainability risks within business processes and investment decisions, in the management and development of the managed portfolios.

The *risk management* guidelines adopted by the SGR include:

- The integration of the map of risks to which *assets* and funds under management are exposed with the inclusion of sustainability risks;
- The analysis and measurement of risks to which investments are exposed, including sustainability risks, through appropriate risk parameters and indicators of both qualitative and quantitative nature;
- The assessment, through sustainability risk analysis, of key negative sustainability impacts related to investment decisions and fund management;
- The preparation of periodic risk reporting with the definition, where appropriate, of actions to mitigate sustainability risks to which *assets* and funds under management are exposed.

In the investment decision-making process, the SGR thus intends to integrate sustainability risks by adopting the relevant assessment parameters, which are then to be declined punctually according to the investment strategies defined for each individual AIF, providing in this context to (i) complete the risk profile of the investment,

(ii) identify any opportunities for intervention, (iii) estimate the impact of the identified risks on the enhancement process, and (iv) assess their consistency with the AIF classification.

In particular, the SGR, as part of its decision-making processes relating to the investments of the AIFs it manages, carries out specific *due diligence* activities aimed at comprehensively assessing the risks associated with potential investments, including sustainability risks. In particular, with reference to climate and environmental risks, the SGR has a special *tool* that, through both qualitative and quantitative analysis, provides a summary judgment with respect to exposure to risks, both physical and transitional, according to a scale based on three levels (*low, medium or high*). If during *due diligence* a "medium" or "high" risk exposure emerges, the SGR, if deemed necessary, may carry out further investigations to be performed as early as the pre-investment phase or directly in the post-acquisition phase, considering possible mitigation actions for the identified risks.

In the evaluation process of each investment transaction, the Risk Management Function pays special attention, in the context of operational risks, to the outcomes of *due diligence*, highlighting any critical issues to the decision-making body.

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