ESG POLICY

Document Control

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1. DEFINITIONS

- "**Board**" means the Board of Director of Azimut Life DAC;
- "**Company**" means Azimut Life DAC, also referred to as "**Azimut Life**";
- "**ESG**" means Environmental, Social and Governance;
- "**Exclusion list**" means the list of prohibited investments, according to the exclusionary criteria set out in this Policy;
- "**Group**" means the Azimut Group;
- "**Financial Product ex art. 8 SFDR**" refers to a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices;
- "**Financial Product ex art. 9 SFDR**" refers to a financial product which has sustainable investment as its objective;
- "**Good Governance**" refers to practices which include sound management structures, employee relations, remuneration of staff and tax compliance;
- "**Investment Committee**" means the investment committee of the Company;
- "**Investment Product**" refers to an internal fund;
- "**MOP – Multi options product**" means products which offer different investment options to the client;
- "**Delegated Investment Managers**" means all the persons in charge of the portfolio management of the Company's investment products on a day to day basis;
- "**Principal Adverse Impacts – PAI(s**)" are those impacts of investment decisions and advice that result in negative effects on sustainability factors;
- "**Risk Management Function**" means all the persons in charge of the risk management of the Company's investment products on a day to day basis;
- "**RTS**" refers to the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to **regulatory technical standards** specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports;
- "**SFDR**" refers to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector;
- "**Sustainability Factor(s)**" means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
- "**Sustainable Investment(s)**" means, according to the art 2(17) SFDR), an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an

investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;

- "**Sustainability Risk(s)**" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments;
- "**Sustainable finance taxonomy**" refers to 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 investment and amending the SFDR.

2. INTRODUCTION

2.1 Purpose

This policy (the "**ESG Policy**" or the "**Policy**") defines the principles informing the approach of the Company to any environmental, social and governance related issues (ESG) within the investment process. In doing so, the Company takes into account relevant statutes, regulations, regulatory guidance, as well as industry best practice and guidelines as well as any ESG principles adopted or followed within the Group.

In particular, the purpose of this Policy is to define:

- The integration of Environmental, Social and Governance ("ESG") factors in the Company's investment process;
- The integration of Sustainability Risks in the Company's investment decision-making process (ex art. 3/6 SFDR);
- The methodologies adopted by the Company for the Sustainability Risk assessment and mitigation;
- The lists of prohibited investments ("Exclusion List");
- The description of the strategies adopted, and the criteria set for the management of the Investment Product(s) which promote environmental and / or social characteristics (ex art. 8 SFDR);
- The process followed by the Company for the consideration of the Principle Adverse Impacts (PAIs) on the sustainability factors.

2.2 Scope

The present Policy contains the main principles to be followed by the Company and any Delegated Investment Managers ("**DIM**") for the integration of ESG matters, assessment of Sustainability Risks and consideration of PAIs into the investment process, as well as for the ongoing monitoring by the Risk Management Function of the proper application of this Policy.

2.3 Application

The Company considers ESG and sustainability matters through the following:

1. **ESG Corporate strategy**, by:
   a. Adopting the necessary documentation (policies and procedures) required under the ESG relevant legislation, regulations, guidelines or principles of best practice, and including, without being limited to, this Policy and the Voting Rights Policy;
   b. The oversight of ESG factors, consideration of PAIs and assessment of Sustainability Risks in the investment process of the Delegated Investment Managers;
   c. The creation of specific investment products available in the commercial offering of the Company (e.g. ESG-focused Investment Products).
2. **ESG Framework,** where the ESG documentation is complemented by processes, controls and activities to ensure the consistent and correct application of the ESG Policy;
3. **Organization**, with the creation of a sustainable and ESG-oriented structure (including in terms of approach to HR organization and management, training, governance) inspired *inter-alia* by the principles shared throughout the Azimut Group, as expressed by Azimut Holding S.p.A. (holding Company of Azimut Life) recalled in Section 5 and 6 of this Policy.

3. SOURCES AND REFERENCES

1. Directive EU/2017/828 (Second **Shareholders' Rights Directive** or "**SRD II**");
2. European Union (Shareholders' Rights) Regulations 2020, or S.I. 81/2020;
3. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**");
4. 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 investment and amending Regulation (EU) 2019/2088;
5. (Amended and Restated) Companies Act 2014;
6. Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 (RTS).

4. ROLES AND RESPONSIBILITIES

4.1 Board of Directors

The Board is responsible for the approval of this Policy and for the strategic guidance of the Company, including responsibility for the definition of the ESG/CSR strategy and the supervision of its implementation across the organization.

For this purpose, on an annual basis the Board:

a. Receives a Sustainability (ESG) Report (the "**ESG Report**"), prepared by the Investment Committee with the support of the Compliance function. The ESG Report is normally received in the first quarter of the year, with reference to the previous calendar year.

   The Report shall include among other things the information required by Section 1110 G (1), (3), (4) and (9) of the Companies Act, including how the Company:

   i. Integrates shareholder engagement in its investment strategy, as further detailed in the ESG Policy;
   ii. Monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
   iii. Conducts dialogues with investee companies;
   iv. Exercises voting rights and other rights attached to shares;
   v. Cooperates with other shareholders;
   vi. Communicates with relevant stakeholders of the investee companies; and
   vii. Manages actual and potential conflicts of interest in relation to its engagement.

b. Approves "Statement on principal adverse impacts of investment decisions on sustainability factors" (the "**PAI Statement**"), prepared by an external party with the support of the Risk Management function. The PAI Statement is normally approved in June, with reference to the previous calendar year. As required by SFDR, it is published on the Company's website by 30 June.

4.2 Investment Committee

The Investment Committee is responsible for the maintenance of this Policy and is competent to discuss the implementation of the ESG Policy in the investment process. In this role, the Investment Committee operates as ESG Committee for the Company.

For this purpose, analysis of compliance of the Investment Products with this ESG Policy shall be a standing item in the agenda of the Investment Committee and its Terms of Reference shall reflect this competence and responsibility.

The discussion will be conducted under the coordination of the Chair of the Investment Committee and with the support of the Delegated Investment Manager(s) involved in the implementation of the ESG investment strategies and the management of the Investment Products under Art. 8 SFDR.

4.3 Chief Executive Officer

The Chief Executive Officer ("**CEO**") has overall responsibility for implementation of this Policy. He/she is responsible for overseeing the actual and correct implementation of the investment policies by the Delegated Investment Managers, consistently with the ESG investment approach defined in the present Policy.

The CEO is the reference person for the Delegated Investment Managers.

4.4 Delegated Investment Managers

The Delegated Investment Managers manage the Investment Products in compliance with the limits set forth in the contractual conditions and in the Investment Guidelines included in the Investment Management Agreement. Additionally, the Delegated Investment Managers manage the Investment Products under Art. 8 SFDR made available by the Company in its investment offer.

4.5 Risk Function

The Risk Management Function, on an ongoing basis:

a. Monitors *ex post*, adherence to the limits established by this Policy for the Investment Products under Art. 8 SFDR;

b. Prepares periodical reporting for the Investment Committee and the Board in relation to the above.

4.6 Compliance Function

The Head of Legal and Compliance:

a. Ensures that the requirements descending from the ESG/CSR relevant legislation (as listed in Section 3) are up-to-date and correctly communicated to and understood by staff involved in the review and/or implementation of this Policy;

b. Ensures that any requirements descending from the ESG relevant legislation as implemented in Ireland (including in terms of publications / disclosures where required) are correctly and timely completed by the Company;

c. Supports the CEO (which is also Chair of the Investment Committee), in the preparation of the annual ESG Report, in any aspects related to compliance;

d. Assists in the publication of any disclosures to be made on the Company's website and in relation to any communications, publications or documentation for third parties required in the application of the ESG Policy.

The Compliance Plan shall reflect the required ESG-related activities accordingly.

5. RELEVANCE OF ESG/CSR ASPECTS

ESG matters as well as Corporate Social Responsibility (hereafter "**CSR**") have been the object of increasing attention by:

a. Investors;

b. Industry;

c. Category associations;

d. Supervisory authorities; and

e. Both the EU and national legislators.

It should be noted however that the ESG/CSR matters hinge around principles rather than obligations. Examples of obligations arising or to be inferred from the ESG legislation include:

1. Adopting ESG policies and related documentation;
2. Publishing relevant policies on Company's website, thus disclosing the approach taken towards ESG/CSR by the Company;
3. Implementing the organizational setup and actions required in terms of corporate governance (e.g. including ESG for discussion by Board or the competent body);
4. Monitoring the actual application of the ESG approach, through annual reports also to be discussed by the Board and disclosed.

Apart from the above-mentioned requirements, ESG/CSR is a matter widely entrusted to the discretion of each relevant company. However, the Company recognizes the importance of the ESG/CSR approach, independently from any legislative obligations or requirements. As part of actual ESG implementation and as a way of making ESG/CSR effective within the organization, Azimut Life endeavours to ensure that all employees, managers and stakeholders in Azimut Life do realize the importance of such principles and of their consistent and actual application at all levels in the organization.

ESG/CSR refer to values that are relevant on two levels.

The first level is unrelated to any economic consideration and is related instead to the importance of ensuring the pursuance and the application of any ESG/CSR values (see Section 6) *per se*, in pursuance of sustainable activities and the creation of a better organization, better industry, better and more equitable results for all stakeholders of the Company (including without limitation policyholders, employees and shareholder of the Company) and ultimately aim at pursuing a greater good and a better world. The pursuance of these goals is oriented to sustainability and to creating and fostering activities and investments the value of which is wider than, or independent of, their immediate economic value.

There is then a second aspect, whereby ESG/CSR acquires importance also in economic terms. Just as it is the case for ethics in business, the following aspects come into consideration, by way of example, as benefits possibly associated to a consistent and effective approach to ESG/CSR:

1. Avoiding the negative effects on assets under management (as a consequence of increased redemptions and reduced premium collection) associated with the presence, in the underlying investments, of so called "laggards" i.e., issuers more exposed to the ESG risk, should that risk translate into a real impact..
2. Higher reputability, appeal and credit with investors, in particular institutional investors, who have a focus on ESG/CSR. This is all the more important for a company which is a part of the Group which in turn is a listed company and an UN PRI signatory.

3. Higher credit with authorities, institutions or counterparties, when behaviour and reputation of the Company (and the Group) is a factor to be considered. This is true, for instance, in decisions on partnerships, deals or common initiatives to be pursued by Azimut Life, as well as in decisions involving assessment of credit merit and reliability in lending operations.
4. Credit and reputability with professionals, service providers and employees, both existing and prospective, increasing the appeal of the Company.
5. Possibility to increase and build up an expertise in the ESG /CSR domain and possibility to complement and complete the product range and the investment offer made available by the Company.

All employees should be aware of the importance of these aspects in the ESG approach and should therefore ensure that the principles specified in this Policy are consistently applied.

6. PRINCIPLES AND VALUES

6.1 How the Company Pursues and Implements ESG/CSR

The commitment of the Company towards ESG/CSR is expressed through:

1. The creation and maintenance of a sustainable and ESG/CSR oriented organization, in line with the principles and values expressed in the present ESG Policy;
2. The integration of ESG in the corporate strategy, e.g. by:
   a. Considering ESG and sustainability matters when defining and implementing investment policies for the existing products of the Company; or
   b. Creating or including products having a special focus on ESG and sustainability matters within its product offer range.

6.2 Values

The Company adheres to the values expressed in the Charter of Values of the Group through an organizational model oriented to sustainability. These values inform the way in which the Company operates, to the benefit of the main stakeholders, including people working for the organization and anyone dealing with the organization (clients, partners, service providers and authorities).

These values are:

1. **Fairness**: responding to the needs of clients, employees and shareholder by establishing a relationship based on trust and quality to ensure mutual satisfaction;
2. **Transparency**: promoting a clear transparent communication style with all stakeholders in order to maximise client satisfaction in particular;
3. **Independence**: serving clients with the sole aim of satisfying their saving and investments needs, offering suitable solutions in every situation;

4. **Freedom:** promoting an environment that is free from external conditioning and in which everyone is free to express themselves and operate, also respecting the cultural traditions of the communities in which the Group operates.
5. **Loyalty:** endeavouring to establish relationships that are fair and respectful of the interests of all parties involved, in order to work in an environment of mutual trust that strengthens the Group's reputation and the long-term sustainability of the business.
6. **Trust:** Promoting the creation and maintenance of relations based on trust, both among Group personnel and in its relations with external stakeholders.
7. **Innovation**: fostering creation of an environment that stimulates innovation, both in the products offered and in significant business processes.
8. **Sustainability**: promoting the sustainable development of the economy through an investment approach that takes into consideration ESG variables.

The Azimut Group aims to create an ecosystem of values that is contagious and unstoppable. The ambition is to connect individuals, businesses, associations, territorial communities, universities and schools of all levels to each other in order to develop activities that focus on topics such as philanthropy, financial education, support for the weaker segments, promotion of culture, art and sports activities. To this end, the Azimut Holdings CSR Working Group promotes constant attention to sustainability and the implementation of social responsibility initiatives in favour of the community and the territory, in addition to those implemented by the Italian domiciled foundation Azimut Foundation.

7. OVERSIGHT OVER DELEGATED INVESTMENT MANAGERS

7.1 Due Diligence

Azimut Life delegates the portfolio management activity to the Delegated Investment Managers, which may belong or not to the Azimut Group. The initial and ongoing due diligence on the Delegated Investment Managers from an ESG perspective includes:

- Review of its ESG Policy, if any;
- Review of its Engagement Policy, if any;
- Review of its Voting Rights Policy.

Where appropriate, Azimut Life enters into dialogue with the Delegated Investment Managers in order to obtain additional information or clarifications.

7.2 Monitoring

Azimut Life oversees the implementation of the ESG Policy, Engagement Policy and/or Voting Rights Policy through regular review of the reports prepared by the delegate(s).

7.2.1 ESG Integration in the Investment Process

The Company ensures that its Delegated Investment Managers consider and integrate ESG factors in their investment process, in accordance with the methodology outlined in this Policy and constantly assess sustainability risks of the investments.

Sustainability Risks are defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments.

According to the above definition, Sustainability Risks are specific events that are mostly idiosyncratic and company-related (and/or country-related). Therefore, the Delegated Investment Managers are the party most responsible for supervising and assessing the Sustainability Risks as part of the analysis on any portfolio investments.

This assessment is performed through the analysis of ESG scores and consideration of PAIs, as they are very informative about the Sustainability Risk of an investment. For corporate issuers, to understand whether a company is adequately managing key ESG risks, MSCI ESG assesses both ESG risk exposure and ESG risk management. For sovereign issuers, in measuring ESG risks for a country, MSCI ESG Research consider resources (natural capital, human capital, and financial resources) and the way a Government acts, as good governance offers more effective ways to influence the management of environmental, social and institutional risks.

Therefore, the higher the Environmental, Social and Governance scores and the lower the PAIs, the higher the standards adopted by the investee company in its business activity (or by a country in its way of governing a nation), and the lower the risk that an adverse event could occur and lead to a decrease in the value of the investment.

But as Sustainability Risks are defined as anything that may have a negative impact on the value of a single investment, or on the expected return of an Investment Product, it should also be assessed whether ESG integration, the application of an Exclusion List and the consideration of PAIs, by reducing the possible investment universe, may prevent investments in securities that might have superior expected returns from a purely financial standpoint (and thus have a negative impact on the Investment Product’s expected return).

Nonetheless, for any of the prohibited investments a negative sustainability event that might occur is likely to have such a significant negative impact on the investment as to wipe out (entirely or even more of) the expected superior return. It is also reasonable to expect that the likelihood of the occurrence of a negative sustainability event is greater the lower the ESG score or the higher the PAIs. Therefore, in the Company’s assessment the reduction of the investment universe because of ESG integration, consideration of PAIs and application of an Exclusion Lists has no net negative impacts on the Investment Products. To the contrary, by preventing the risk of incurring large unforeseeable losses, ESG integration, consideration of PAIs and application of an Exclusion Lists should allow for higher returns in the long run.

All things considered, the Sustainability Risks of the Investment Products managed by Azimut Life, through its Delegated Investment Managers, are minimized and not material thanks to exactly ESG integration, consideration of PAIs and application of the Exclusion List.

The ESG integration process is based on the products and services offered by MSCI ESG Research, which provides in-depth research, ratings and analysis on the approach and practices of thousands of companies around the world in relation to environmental, social and governance issues. MSCI ESG Research is part of MSCI, which is one of the leading suppliers of research-based indices and analysis.

Further details are available at https://www.msci.com/esg-ratings.

Through MSCI analysis and ratings, Azimut Life is able to continuously monitor, at the individual position level and at the overall Investment Product level, the exposure and the level of ESG risk of an Investment Product.

Determination of the ESG score of an investment portfolio

At Investment Product level, the MSCI ESG scores of each issuer are attributed according to the weight of the issuer in the portfolio (excluding cash, derivatives and ESG unrated securities).

The weighted score thus obtained is adjusted in order to take into account the performance of the issuers' scores (negative adjustment in the case of Issuers showing a deterioration in their rating and positive adjustment in the case of Issuers showing an improvement in their rating) and in order to take into account the presence in the portfolio of issuers defined as laggards, i.e. Issuers that are in the lower rating brackets (B or CCC) and are therefore generally exposed to greater reputational risk.

The adjusted weighted score is then converted into an ESG Rating according to the following conversion table:

Fund ESG Quality Score	Fund ESG Rating
8.6* - 10.0	AAA
7.1 - 8.6	AA
5.7 - 7.1	A
4.3 - 5.7	BBB
2.9 - 4.3	BB
1.4 - 2.9	B
0.0 - 1.4	CCC

Appearance of overlap in the score ranges is due to rounding. Every possible score falls within the range of only one letter rating. The 0 to 10 scale is divided into 7 equal parts, each corresponding to a letter rating.

Each Delegated Investment Manager continuously monitors the ESG score of the Investment Product(s) he/she manages, both at single security level and on an aggregate basis. Environmental, Social and Governance scores (at aggregate level, pillar level and/or at a more granular level) are taken into account for each individual investment, together with considerations on PAIs alongside the traditional criteria of financial analysis and evaluation.

This means that each Delegated Investment Manager ensures that the Investment Product(s) he/she manages is/are financially efficient and as much sustainable as possible. This aim is achieved through an optimisation which is made mainly by not investing in and/or reducing the exposures to issuers with the lowest ESG scores or the highest PAIs, replacing them with issuers having higher ESG scores and/or lower PAIs, ideally "best in class", i.e. leading companies in sustainable development.

To more thoroughly assess the ESG and sustainability aspects of its investments, the Delegated Investment Managers can rely on ESG, sustainability and Sustainable Development Goals (SDGs) alignment data available from providers other than MSCI ESG Research, in addition to the analyses performed internally.

7.2.2 Exclusion List

Azimut Life is committed to avoiding investing in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks. For this purpose, Azimut Life defines and updates at least on a semi-annual basis a list of companies that are considered as unsustainable.

Azimut Life, through the Delegated Investment Managers, does not invest in companies whose share of turnover from the following activities exceeds the specified thresholds:

- Nuclear weapons: maximum 10% of the annual turnover
- Adult entertainment: maximum 1.5% of the annual turnover
- Tobacco: maximum 5.0% of the annual turnover
- Gambling: maximum 5.0% of the annual turnover
- Thermal Coal: maximum 20% of the annual turnover

- Controversial weapons: no exposure (Any Tie)

Azimut Life further excludes any investments in accordance with the sanctions / lists adopted by the Group compliance function and with the U.S. Office of Foreign Asset Control sanction list.

The list containing all prohibited issuers constitutes the “Exclusion List”.

The Exclusion List is prepared on at least quarterly basis by the Chief Investment Officer of Azimut Investments S.A. (“CIO”). The CIO relies on data from MSCI ESG Research to obtain information about the proportion of annual turnover that is derived from these activities. The companies whose annual turnover exceeds the thresholds specified above will be included in the Exclusion List. The updated Exclusion List is shared by the CIO with Risk Management function of both: Azimut Life and the DIMs and is subsequently uploaded to Bloomberg in order to prevent any purchases of blacklisted issuers.**7.2.3 CONSIDERATION OF PRINCIPLE ADVERSE IMPACTS (PAI).**

Principal Adverse Impacts should be understood as the negative effects that investment decisions may have on environmental, social and employee matters, human rights, corruption and bribery matters. The SFDR regulations identified 14 PAIs applicable to investments in investee companies, and 2 applicable to investments in sovereign and supranational institutions.

Azimut Life is committed to considering PAIs on all of its Investment Products.

Indicators applicable to investments in investee companies			
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Adverse sustainability indicator		Metric	
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	
		Scope 2 GHG emissions	
		Scope 3 GHG emissions	
	2. Carbon footprint	Carbon footprint	
	3. GHG intensity of investee companies	GHG intensity of investee companies	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
	5. Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
Biodiversity	7. Activities negatively affecting biodiversitysensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTIONAND ANTI-BRIBERY MATTERS		
Adverse sustainability indicator		Metric
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Indicators applicable to investments in sovereigns and supranationals		
Adverse sustainability indicator		Metric
Environmental	15. GHG intensity	GHG intensity of investee countries
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law

Adverse impacts on sustainability factors are taken into account and mitigated in four ways.

1. The **first** is through the integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts (in absolute terms and/or in relation to their industry) due to higher standards/better operating practices.
2. The **second** is through the application of the exclusion policy, which prohibits investment in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks. The exclusion of the issuers that are most likely to generate adverse impacts on sustainability factors helps to reduce the PAIs at portfolio level.
3. The **third** way is through active ownership. Azimut Life subscribed into the ISS's Sustainability Policy which is in line with the United Nations' Principles for Responsible Investment (PRI). The votes at each resolution are cast in a way intended to incentivize investee companies to adopt higher standards, improve their practices, and minimize the PAIs on the environment and society.
4. The **fourth** way is through financial products selection, which seeks to favour, where possible and if available, financial products that are classified as Article 9 SFDR or, as a second choice, those classified as Article 8 SFDRs (not precluding the possibility of holding Article 6 SFDR funds in the portfolio as well). The greater the weight of funds classified as Article 9 or 8 SFDR, the greater the containment of PAIs is expected to be.

The Delegated Investment Managers constantly monitor PAI data through an ad-hoc tool where PAI(s) values can be consulted both at position and aggregate level, in order to consider them in the investment decision-making process along with ESG scores and traditional financial metrics. However, considering the still limited availability of reliable data on many PAIs, the large variability of PAI data at sectoral and geographical level, as well as their backward-looking nature, no thresholds or stringent limits are set.

The first reason why no stringent limits on PAIs are set, is that currently, the percentage of companies reporting on PAIs is at times still very low, and it is reasonable to expect that new companies will begin to report data on PAIs in the future. Since portfolio-level PAIs are calculated only on companies that publish relevant data, it is possible that over time the value of portfolio-level PAIs may rise as companies begin reporting. In this case, the increase in the value at the portfolio level of PAIs does not necessarily imply that the portfolio is invested in companies with worse adverse impacts, but rather simply be an effect of increased coverage. The portfolio manager, therefore, assess the evolution of PAIs adjusted for the distorting effect caused by the increased coverage.

An additional reason why stringent limits on PAIs have not been set is that focusing only on the absolute value of the PAI can lead to suboptimal choices in terms of sustainability, especially if companies have embarked on a path to improve their practices, as PAIs are precisely a backward-looking indicator. The most important reduction in adverse impacts is possible precisely by incentivizing those companies that today have low operating standards and therefore high adverse impacts, to improve their practices by supporting them financially in the transition and exercising our duty as responsible investor by steering the strategic business decisions of investee companies through active ownership in such a way as (inter-alia) to reduce the companies' adverse impacts.

It is also possible that investee companies may over the years' experience instances where one or more of their PAIs rise rather than fall. The Delegated Investment Manager therefore makes the assessment of the

PAIs first at the aggregate level to determine which is the overall sustainability path of the company, and second on each PAI separately.

7.2.3 Additional Disclosures for Ex-Article 8 SFDR Funds

7.2.3.1 Introduction

For ex-Art. 8 SFDR Sub-Funds, the Regulation requires that additional information must be disclosed to investors, including, but not limited to:

- How an Investment Product intends to promote environmental and/or social characteristics;
- The minimum percentage of the Investment Product's assets that to be invested in investments that promote environmental and/or social characteristics, and the binding elements;
- Whether or not the Investment Product has a commitment to make sustainable investments;
- Which criteria are employed to determine whether an investment is to be considered sustainable or not;
- The minimum percentage, if any, of the portfolio committed to make sustainable investments;
- Within the portion reserved to sustainable investments, if any, what is the additional commitment, if any, to make investments aligned to the EU Taxonomy, rather than to environmental objectives other than those pursued by the EU Taxonomy, or to social objectives;
- Whether or not the Investment Product considers PAIs.

For each Investment Product ex-Article 8 SFDR, all of the above information is provided in the document titled "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" (hereinafter "Pre-contractual Disclosures"). The Disclosures of the ex-Art. 8 Investment Products, if any, can be found in the annexes to pre-contractual documentation of each Investment Product managed by Azimut Life. Additional information can be found at https://www.azimutlife.ie/informativa-sulla-sostenibilità.

7.2.3.2 Promoting environmental and/or social characteristics for multi options products

Insurance-Based Investment Products (IBIP) that include underlying investment options (MOP) are classified ex art. 8 SFDR when at least one or more of those investment options (internal funds) promotes environmental or social characteristics.

Azimut Life inserts in the main body of the document the information referred to in Article 6(3) of Regulation (EU) 2019/2088 (i.e. generic KID) a prominent statement confirming all of the following:

a. That the financial product promotes environmental or social characteristics;
b. That those environmental or social characteristics will only be met where the IBIP invests in at least one of the investment options classified ex art. 8 SFDR/ art. 9 SFDR;
c. That further information about those characteristics is available in the Annexes to the KID of the specific option.

7.2.3.3 Criteria to determine whether an investment is to be considered as sustainable

Article 2(17) of the SFDR establishes three conditions that must be met for an investment to be considered sustainable:

- A measured positive contribution generated by each investment to an environmental or social objective;
- That such investment does not significantly harm any of those objectives (Do Not Significantly Harm principle – hereinafter "DNSH") through the consideration of the negative impacts on sustainability

factors and the evaluation of the alignment of the investment to the OECD guidelines for Multinational enterprises and UN guiding principles on business and Human rights;

- Investee companies must follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Delegated Investment Managers use the MSCI ESG Research methodology to assess the above conditions according to the following rules:

- Positive contribution: Companies generating at least 20% of their revenues from products or services contributing to one or more social or environmental objectives are considered as having a positive contribution on such objectives. From the perspective of targeting an environmental objective, the methodology includes activities focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources. Activities focused on social objectives include access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries. Accordingly, the methodology uses revenue data to capture positive contribution across both environmental and social objectives.
- DNSH: The methodology considers a subset of the principle adverse impacts on the sustainability factors and the alignment with the OECD Guidelines for Multinational Enterprises and UN Global Compact (UNGC) Principles, as criteria for avoiding harm and meeting minimal social safeguards.
- Good governance practices: The assessment of good governance practices, which include sound management structures, employee relations, remuneration of staff and tax compliance, is a central pillar of the investment process adopted by the DIM and it is based on the assessment of investee companies (by leading ESG research providers) against the rules of conduct aligned to international best practices and by the consideration of all stakeholder's interests, as well as the remuneration policy of the investee company.

In the case of direct investments in securities, the DIMs use a proprietary methodology to perform this analysis, which is based on governance scores from leading ESG data providers, that can be adjusted based on the assessments made by the portfolio management team.

Moreover, investee companies marked with a Red Flag (assessment of a company's direct involvement in the most serious adverse impacts, which have not yet been mitigated to the satisfaction of all implicated stakeholders), are excluded from the investment universe.

In addition to the criteria set out above, the Delegated Investment Managers consider also the following investments as sustainable:

- Green Bonds: As defined by the International Capital Market Association (ICMA), Green Bonds are any type of bond instrument whose proceeds are used exclusively to finance or refinance, in whole or in part, new and/or pre-existing environmental projects and that in each case are aligned with the four Green Bond Principles, such as use of proceeds, project evaluation and selection process, management of proceeds, and reporting activities;
- Investments into ex-Art. 9 SFDR funds are considered as 100% sustainable under Art. 2(17) SFDR;
- Investments into ex Art. 8 SFDR funds are considered as sustainable under Art. 2(17) SFDR only for the portion corresponding to the minimum percentage of sustainable investments declared by the fund.

7.2.3.4 Binding elements

The following criteria are applied for ex-Art. 8 SFDR Investment Products (all ratings are based on the following scale, in ascending order: CCC, B, BB, BBB, A, AA, AAA):

- The average ESG rating at Investment Product level must be "BBB" or better;

- The rating on either pillar E (Environmental) or S (Social) for each investment must be “BB” or better in order to be considered aligned with environmental and/or social characteristics;
- For the Investment Products which declare a minimum commitment in sustainable investment ex Art. 2(17) SFDR, the compliance with the minimum commitment;
- Exclusionary criteria: in addition to the Exclusion List’s criteria applicable to Investment Products specified in Sec. 7.2.2 of this Policy, the following additional restrictions apply for SFDR ex-Article 8:
  - It is not allowed to invest in funds with an ESG rating below "BB" calculated according to the MSCI ESG Research methodology;
  - Companies whose governance score calculated by the DIM using its proprietary methodology is below the threshold of cannot be part of the investment universe;
  - Investments in investee companies marked with a Red Flag (as per MSCI methodology) which have not yet been mitigated to the satisfaction of all implicated stakeholders, are excluded from the investment scope.

7.2.4 Strategies for the Promotion of Environmental and/or Social Characteristics

Azimut Life, through its Delegated Investment Managers, implements the following activities to promote environmental and/or social characteristics.

- **ESG Integration:**

  Environmental, Social and Governance scores on each individual investment are taken into consideration, both at single security level and on an aggregate basis. This aim is achieved through an optimization which is made mainly by not considering and/or reducing investments with the lowest ESG scores, preferring instead investments having higher ESG scores. In case of investments in other financial products (i.e.: funds), in the selection process the Company favours financial products classified ex-Art. 9 or ex-Art. 8 SFDR.

- **Exclusion list:**

  Azimut Life does not invest in companies whose share of turnover from activities that are considered non-sustainable and/or may involve significant environmental and social risks, or in funds with an ESG rating considered too low.

- **Active ownership:**

  Azimut life exercises its duty as a responsible investor by encouraging, through proxy voting and engagement with management, investee companies to adopt sustainable environmental, social and governance practices. Additional details are provided in the Voting Right Policy.

- **Consideration of PAIs:**

  The adverse impact of investments on sustainability factors is calculated and monitored, focusing in particular on a specific sub-set of PAIs. Azimut Life makes the assessment of the subset of the PAIs that are considered first at the aggregate level to determine which is the overall sustainability path of the company, and second on each PAI separately.

- **Minimum % of sustainable investments, if any:**

  For the Investment Products which declare a minimum commitment to make sustainable investment, the compliance with the minimum commitment.

8. BREACH AND ESCALATION PROCEDURE

As a standard, any breaches of the policy should be reported as per the Incidents and Errors Handling Procedure.

Each reporting should include in every case all control functions (Compliance, Risk and Internal Audit) and the CEO (the "Recipients"), for further reporting to the competent committee (Risk and Compliance Committee, Audit Committee).

9. REVIEWS AND UPDATES

The Company monitors on a regular basis the effectiveness of this Policy and the arrangements put in place to comply with it with a view to identifying and, where appropriate, correcting any deficiencies.

9.1 Monitoring of the Implementation of the Policy

The ongoing monitoring of implementation of this Policy is performed by the Investment Committee, with support from the Risk Management.

Any material non-compliance with the Policy is escalated to the Head of Legal and Compliance.

9.2 Review of the Policy

This Policy will be reviewed at least annually by the CEO with the support of the Head of Legal and Compliance and submitted to the Risk and Compliance Committee and/ or the Board of Directors of the Company for approval.

More frequent reviews can occur, whenever appropriate due to any relevant circumstances (e.g. significant regulatory updates, indications from the industry or requirements by CBI, indications from gap analyses conducted for or by the Company, new national or international guidelines).

In the absence of any express amendment, requested by any Director, the Policy will be deemed renewed in its current version.