

Statement on Principal Adverse Sustainability Impacts of investment decisions on sustainability factors**1. Information about the policies on the identification and prioritization of principal adverse sustainability impacts and indicators.**

Principal Adverse Impacts PAI(s) should be understood as those impacts of investment decisions that result in negative effects on sustainability factors.

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

- 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.
- 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.
- The third way is through active ownership. Azimut Life DAC subscribed into ISS's Sustainability Policy which is in line with the United Nations' Principles for Responsible Investments (PRI), votes at each resolution are cast in a way intended to incentivize invested companies to adopt higher standards, improve their practices, and minimize the PAIs on the environment and society
- 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.

2. Description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned

Whereas all mandatory PAI(s) included in the table 1 of the Annex I of Regulation n 1288/22 (RTS) are calculated and monitored, Azimut Life DAC focuses on the prioritization of a specific sub-set of PAIs according to each financial product's specific characteristics and in general according to the relevant actions planned and targets set at an Entity Level (ex art. 4 SFDR).

Azimut Life DAC constantly monitors PAIs 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 portfolio 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.

3. *Brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable*

Engagement aims at raising awareness among the management of the companies in which Azimut Life DAC invest by strengthening their ESG risk management and promoting their sustainability performance. It is an ongoing strategy, which aims at improving practices of good governance and good social and environmental behavior, so as to generate positive impacts in terms of sustainable development.

Where necessary, Azimut Life DAC interacts with the top management of the companies in which it invests to better understand the risk of negative impacts on sustainability factors and to actively vote on solutions of ordinary and extraordinary shareholders' meetings in order to promote best environmental, social and governance practices.

Azimut Life DAC pays particular attention to the policies implemented by the issuers in which it invests in the belief that sound corporate policies and practices that incorporate environmental, social and governance issues are capable of creating long-term shareholder value.

Lastly, in line with the provisions of the PRI, Azimut Life DAC is committed to ensuring full transparency on the approach adopted for responsible investment and is committed to promoting the dissemination of the principles of responsible investment to all its stakeholders: managers, investors and service providers.

As signatories to the UN Principles for Responsible Investments (UN PRI) Azimut Life DAC seeks to positively influence environmental, corporate and governance behaviors through proxy voting, engagement with management, internal research on governance, and participation in industry surveys and events.

Thanks to the strategic partnership between Azimut and ISS Governance – leading proxy voting advisor – Azimut Life DAC exercises its voting rights based upon the recommendations of ISS Governance's Sustainability Policy (the one specifically designed for UN PRI signatories).

For more details refers to the Azimut DAC engagement Policy.

4. *Reference to international Standards.*

Azimut LiFE DAC, as a member of Azimut Group, signed in 2019 signed the Principles for Responsible Investment (PRI) on a voluntary basis, a set of investment principles aimed at incorporating ESG issues into investment practices and enriching investor information in this regard.

For more details refers to the Azimut DAC engagement Policy.