ESG POLICY

Document Control

Version and Review History

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Approval and Sign-off

Approved by	Position	Version	Date
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Content Owner

HEAD OF INVESTMENT

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;
- “Portfolio Management Function” 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" means 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" means 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. SOURCES AND REFERENCES

1. Directive EU/2017/828 (Second **Shareholders' Rights Directive** or "**SRD II**").
2. European Union (Shareholders' Rights) Regulations 2020[1], 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;
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, Section 8[2].
6. UN Principles of Responsible Investment, 2005[3].
7. International Corporate Governance Network (ICGN) statement on Global Governance Principles
8. United Nations Global Compact
9. United Nations Sustainable Development Goals
10. United Nations Guiding Principles on Business and Human Rights
11. OECD Guidelines for Multinational Enterprises
12. Responsible Business Conduct for Institutional Investors (OECD)
13. Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 (RTS).

[1] http://www.irishstatutebook.ie/eli/2020/si/81/made/en/pdf
[2] http://revisedacts.lawreform.ie/eli/2014/act/38/revised/en/html
[3] https://www.unpri.org

3. INTRODUCTION

3.1. 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 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.

In doing so, the Company takes into account relevant statutes, regulations, regulatory guidance, as well as industry best practice as well as any ESG principles adopted or followed within the Group.

3.2. SCOPE

The present Policy contains the main principles to be followed by the Company' Portfolio Management Function 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.

3.3. APPLICATION

The Company considers ESG and sustainability matters through the following:

A. **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 integration of ESG factors, consideration of PAIs and assessment of Sustainability Risks in the investment process;

   c) The creation of specific investment products available in the commercial offering of the Company (e.g. ESG-focused Investment Products).

B. **ESG Framework,** where the ESG documentation is complemented by processes, controls and activities to ensure the consistent and correct application of the ESG Policy.

C. **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.

4. REVIEW OF IMPLEMENTATION AND MAINTENANCE OF THE POLICY

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.

4.1 MONITORING OF THE IMPLEMENTATION OF THE POLICY

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

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

4.2 REVIEW OF THE POLICY

This Policy is reviewed by the Investment Committee, also taking into account the recommendations of the Compliance Function (if any), at least annually, as well as on an ad hoc basis as necessary to ensure that the Policy remains robust and fit for its purpose and/or in order to reflect any updates to the requirements of any applicable laws and regulations on ESG/sustainability matters and applicable to the activities of the Portfolio Management Function.

5. RELEVANCE OF SUSTAINABILITY/ESG/CSR ASPECTS

Sustainability and ESG matters as well as Corporate Social Responsibility (hereafter "**CSR**") have been 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 Sustainability/ESG/CSR matter hinges 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, Sustainability/ESG/CSR is a matter widely entrusted to the discretion of each relevant company. However, the Company recognizes the importance of the Sustainability/ESG/CSR approach, independently from any legislative obligations or requirements. As part of actual ESG implementation and as a way of making Sustainability/ESG/CSR effective within the organization, Azimut Life endeavours to ensure that all staff, 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.

Sustainability/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 Sustainability/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, staff, managers 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 Sustainability/ESG/CSR acquire 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 Sustainability/ESG/CSR:

1. ESG integration, consideration of PAIs, and sustainability risk assessment enable improved performance and risk profile of Investment Products. Through ESG integration and consideration of PAIs, companies with the best ratings on the environmental, social and government pillar are preferred. Such companies tend to adopt better standards and devote much attention to issues such as climate change, usage of natural resources, pollution & waste prevention, biodiversity preservation, human capital development, high labour standards, respect of human rights, corruption and bribery prevention. In addition to the positive impacts on environmental and social aspects, ESG integration also enables better long-term financial returns on investments, as well as higher risk-adjusted returns and long-term profitability of investee companies, since companies with sound ESG practices have higher revenue and profit growth, lower volatility, higher

productivity and lower costs, are less exposed to regulatory risks, fines, and sanctions. This also minimizes the exposure of Investment Products to Sustainability Risks, which could negatively affect the performance of the Investment Products managed by the Company. The Company's focus on ESG integration, consideration of PAIs, and assessment of Sustainability Risks is not only in the best interest of clients, but also in the interest of the Company, enabling it to increase its assets under management given that better performance and lower volatility of the Investment Products allow for higher premium collection and lower redemptions.

2. Higher reputability, appeal and credit with investors, in particular institutional investors, who have a focus on Sustainability/ESG/CSR. This is all the more important for a company part of a Group the holding company of which (Azimut Holding S.p.A.) 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 with 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 staff, both existing and to be recruited, increasing the appeal of the Company.

5. Possibility to increase and build up expertise in the ESG /CSR domain and possibility to complement and complete the product range and investment offer made available by the Company.

All staff 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 Sustainability/ESG/CSR

The commitment of the Company towards Sustainability/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, staff and shareholder by establishing a relationship based on trust and quality;
2. **Transparency**: promoting clear communication at all levels, reducing to the maximum possible extent any misunderstanding, with a view to establishing long and mutually satisfactory relationships;
3. **Independence**: pursing the sole goal of serving clients and the needs clients express by the latter when signing to the products and activities of the Company, free of any external conditioning or conflicting consideration from third parties;

4. **Freedom**: by creating an organization and environment free from external conditioning and pressures and where everyone is free to operate, according to the respective professional mandate and in the pursuance of each respective professional target, in order to pursue the interest of all stakeholders in the best possible way.
5. **Loyalty and Trust**: endeavouring to establish relationships where both parties can trust each other in full transparency and where the importance of the relationship is a leading and often prevailing factor if compared to other considerations (e.g. personal interest). Also, respecting the culture of the community in which the Company operates, without feeling bound or committed to any different consideration, influence or pressure.
6. **Innovation**: favouring an environment that fosters initiative and innovation, with the aim of constant improvement of the service and the products offered, thus increasing the reliability, efficiency and ultimately the competitiveness of the Company.
7. **Sustainability**: supporting sustainable economic development through an investment approach that will take into consideration ESG / CSR.

   For this purpose, the Company considers especially important considering sustainability when building portfolios for investment purposes.

7. ROLES & RESPONSIBILITIES

7.1. 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 Sustainability/ESG/CSR strategy and the supervision of its implementation across the organization.

For this purpose, on a yearly basis the Board receives a report (the "**ESG Report**"), prepared by the Investment Committee. The ESG Report is normally received to be approved in the first quarter of the year, with reference to the previous calendar year.

The Report - to be made available for publication on the Company's website as required[4] - 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:

a) integrates shareholder engagement in its investment strategy, as further detailed in the ESG Policy and

b) monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance.

7.2. Investment Committee

The Investment Committee is responsible for the maintenance of this Policy and 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 investment manager(s) involved in the implementation of the ESG investment strategies and the management of the Investment Products under Art. 8 SFDR.

7.3. Investment Managers

The Head of Investment is responsible to oversee the actual and correct implementation of the investment policies, consistently with the ESG investment approach defined in the present Policy.

Within the Portfolio Management Function, the Head of Investments selects one or more portfolio managers to manage Investment Products under Art. 8 SFDR made available by the Company in its investment offer.

7.4 Risk Function

The Risk Management Function, on an ongoing basis:

(a) monitors *ex post*, the respect of 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.

7.5 Compliance Function

The Head of Compliance:

a) ensures that the requirements descending from the Sustainability/ESG/CSR relevant legislation (as listed in Section 2) are up-to-date and correctly communicated to and understood by the Portfolio Management Function, Risk Management Function and 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 Head of Investment (which is also Chair of the Investment Committee), in the annual 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 application of the ESG Policy.

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

8. ESG INTEGRATION IN THE INVESTMENT PROCESS

8.1 METHODOLOGIES FOR THE ESG INTEGRATION INTO THE INVESTMENT PROCESS

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.

Corporate Issuers

The aim of the MSCI ESG Research methodology is to assess what are the most significant ESG risks and opportunities facing a company and its industry, how exposed is the company to those key risks and/or opportunities, how well is the company managing key risks and/or opportunities and what is the overall picture of a company and how does it compare to its global industry peers.

Environmental, social, and governance risks and opportunities are posed by largescale trends (e.g., climate change, resource scarcity, demographic shifts) as well as by the nature of a company's operations. Companies in the same industry generally face the same major risks and opportunities, though individual exposure can vary. The MSCI ESG Ratings model focuses only on issues that are determined as material for each industry.

There are 10 main themes and 35 ESG Key issues that are assessed. Each Environmental and Social Key Issue typically comprises 5% to 30% of the total ESG Rating. The weightings consider the contribution of the industry, relative to all other industries, to both the negative or positive impact on the environment or society. The weight on the Governance Pillar is floored at a minimum value of 33%.

To understand whether a company is adequately managing a key ESG risk, it is essential to understand both what management strategies it has employed and how exposed it is to the risk. The MSCI ESG Ratings model measures both of these: risk exposure and risk management. To score well on a Key Issue, management needs to be commensurate with the level of exposure: a company with high exposure must also have very strong management, whereas a company with limited exposure can have a more modest approach.

MSCI ESG Ratings include controversies, which may indicate structural problems with a company's risk management capabilities. In the ESG Rating model, a controversy case that is deemed by an analyst to indicate structural problems that could pose future material risks for the company triggers a larger deduction from the Key Issue score than a controversies case that is deemed to be an important indicator of recent performance but not a clear signal of future material risk.

Pillars, Themes and Issues of the MSCI ESG Rating of Corporate Issuers

3 Pillars	10 Themes	35 ESG Key Issues	
Environment	Climate Change	Carbon Emissions	Financing Environmental Impact
		Product Carbon Footprint	Climate Change Vulnerability
	Natural Capital	Water Stress	Raw Material Sourcing
		Biodiversity & Land Use	
	Pollution & Waste	Toxic Emissions & Waste	Electronic Waste
		Packaging Material & Waste	
	Environmental Opportunities	Opportunities in Clean Tech	Opportunities in Renewable Energy
		Opportunities in Green Building	
Social	Human Capital	Labor Management	Human Capital Development
		Health & Safety	Supply Chain Labor Standards
	Product Liability	Product Safety & Quality	Privacy & Data Security
		Chemical Safety	Responsible Investment
		Consumer Financial Protection	Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing	
		Community Relations	
	Social Opportunities	Access to Communications	Access to Health Care
		Access to Finance	Opportunities in Nutrition & Health
Governance	Corporate Governance	Ownership & Control	Pay
		Board	Accounting
	Corporate Behavior	Business Ethics	
		Tax Transparency	

Each company receives an Industry-Adjusted Score (IAS), which is defined by the weighted average of the Environmental and Social Key Issue Scores and the Governance Pillar Score and normalized based on score ranges set by benchmark values in the peer set.

The Industry Adjusted Score corresponds to a rating between best (AAA) and worst (CCC). These assessments of company performance are not absolute but are explicitly intended to be relative to the standards and performance of a company's industry peers.

Letter Rating	Leader/Laggard	Final Industry-Adjusted Company Score
AAA	Leader	8.571* - 10.0
AA	Leader	7.143 – 8.571
A	Average	5.714 – 7.143
BBB	Average	4.286 – 5.714
BB	Average	2.857 – 4.286
B	Laggard	1.429 – 2.857
CCC	Laggard	0.0 – 1.429

**Appearance of overlap in the score ranges is due to rounding imprecisions. The 0-to-10 scale is divided into seven equal parts, each corresponding to a letter rating.*

Government Issuers

MSCI ESG Government Ratings reflect how countries' exposure to and management of environment, social, and governance risk factors may affect the long-term sustainability and long-term competitiveness of their economies.

In measuring ESG Risk Exposure for a country, MSCI ESG Research consider resources (natural capital, human capital, and financial resources) as pre-requisites for a country's development and performance. Other 'enabling' factors are also included – such as having an effective government and judiciary system, low vulnerabilities to environmental events and externalities, and a supportive economic environment. These can all help enable the effective utilization of an economy's resources. In measuring ESG Risk Management for a country, we use data on demonstrated performance on these ESG areas.

As part of the "environment" pillar, research is carried out to assess the extent to which a country's long-term competitiveness is affected by its ability to protect, use and supplement its natural resources and manage environmental externalities and vulnerability risk.

As part of the "social" pillar, research is carried out to assess the extent to which a country's long-term competitiveness is affected by its ability to develop a healthy, productive, and stable workforce, and knowledge capital and to create a supportive economic environment.

The "governance" pillar assesses the extent to which a country's long-term competitiveness is affected by its institutional capacity to support long-term stability and functioning of its financial, judicial, and political systems, and capacity to address the environmental and social risks. The "governance" pillar has a higher weighting (50%) than the environmental and social pillars because governance offers more effective ways to influence the management of environmental, social and institutional risks.

MSCI ESG Government Ratings

Pillar	Risk Factor	Weight (%)	Risk Exposure	Weight (%)	Risk Management	Weight (%)
Environmental Risk	Natural Resource Risk	18%	Energy Security Risk	6%	Energy Resource Management	6%
			Productive Land and Mineral Resources	6%	Resource Conservation	6%
			Water Resources	6%	Water Resource Management	6%
	Environmental Externalities and Vulnerability Risk	7%	Vulnerability to Environmental Events	3%	Environmental Performance	3%
			Environmental Externalities	4%	Management of Environmental Externalities	4%
Social Risk	Human Capital Risk	15%	Basic Human Capital	5%	Basic Needs	5%
			Higher Education and Technology Readiness	6%	Human Capital Infrastructure	3%
					Human Capital Performance	3%
			Knowledge Capital	4%	Knowledge Capital Management	4%
	Economic Environment Risk	10%	Economic Environment	10%	Wellness	10%
Governance Risk	Financial Governance Risk	20%	Financial Capital and Trade Vulnerability	20%	Financial Management	20%
	Political Governance Risk	30%	Institutions	10%	Stability and Peace	10%
			Judicial and Penal System	10%	Corruption Control	10%
			Governance Effectiveness	10%	Political Rights and Civil Liberties	10%

MSCI ESG Research calculates the Government ESG Score for all countries and then, the final step is converting them into a letter rating. In the first step of the overall rating threshold calculation, MSCI ESG Research calculates the average and standard deviation of the current year's Government ESG Scores. Then the following method is used to determine thresholds for the Best-in-Class (AAA) and Worst-in-Class (CCC).

Government ESG Score (formula)	Level
Average + 2 x standard deviation	Threshold for AAA rating
Average	Midpoint of BBB rating
Average - 2 x standard deviation	Threshold for CCC rating

Other rating thresholds (for AA, A, BBB, BB and B) are determined by dividing the zone between Best-in-Class (AAA) and Worst-in-Class (CCC) ratings into five equal zones, as shown by the following example:

ESG Rating	Minimum Government ESG Score (in hypothetical year)	Maximum Government ESG Score (in hypothetical year)
AAA	***8.20***	*10.00*
AA	*7.19*	*8.20*
A	*6.18*	*7.19*
BBB	*5.17*	*6.18*
BB	*4.16*	*5.17*
B	*3.15*	*4.16*
CCC	*0.00*	***3.15***

Average Government ESG Score: 5.68
Standard Deviation of Government ESG Score: 1.26

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 portfolio 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 portfolio 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 portfolio management team can rely on ESG, sustainability, and Sustainable Development Goals (SDGs) alignment data available from providers other than MSCI ESG Research (like, inter-alia, Bloomberg and Morningstar).

8.2 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 does not invest in companies whose share of turnover from the following activities exceeds the specified thresholds:

- Nuclear weapons: maximum 1.5% 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 relies on data from MSCI ESG Research to obtain information about the proportion of annual turnover that is derived from these activities.

Azimut Life further excludes any investments in accordance with the sanction / TFS lists adopted by the compliance function and with the OFAC sanction list.

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

8.3 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), 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.
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.

Azimut Life 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.

8.4 Assessment of Sustainability Risks

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 Portfolio Management team is the one 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. As a reminder, in Section 8.1 of this Policy, it is indicated that ESG risks are taken into account in the calculation of the ESG rating. 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 a 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 our 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, we believe that the Sustainability Risks of the Investment Products managed by Azimut Life are minimized and not material thanks exactly ESG integration, consideration of PAIs and application of the Exclusion List.

9. ADDITIONAL DISCLOSURES FOR EX-ARTICLE 8 SFDR FUNDS

9.1 Introduction

For ex-Art. 8 SFDR Sub-Funds, the Regulation requires that additional information must be disclosed to investors about:

- 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 promotes 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 could also be found in the website "Sustainability-related disclosures", available in the web page https://www.azimutlife.ie/informativa-sulla-sostenibilità.

Hereafter, we detail what are 1) the strategies for the promotion of environmental and/or social characteristics, 2) the criteria employed to determine whether an investment is to be considered as sustainable, and 3) the binding elements of both.

Concerning PAIs, earlier in this Policy, we have already reported that Azimut Life considers PAIs for all the Investment Products it manages, we have elaborated on how the Company considers PAIs, and how they can be mitigated (additional details in Section 8.3 of this Policy).

9.2 STRATEGIES FOR THE PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Azimut Life 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.

Additional details are provided in Section 8.1 of this Policy.

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.

Additional details are provided in Section 8.2 of this Policy.

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 are 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.

Additional details in Section 8.3 of this Policy.

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.

9.3 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.

Azimut Life uses 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.

• Good governance practices: In the case of direct investments in securities, the Company uses a proprietary methodology to perform this analysis. For each security, a weighted average of standardized governance scores from a number of leading ESG data providers is calculated. This score can be further adjusted based on assessments made by the Company's portfolio management team. The governance pillar scores are then standardized through a Z-scoring, and issuers with a Z score of -2 or less are excluded. Moreover, investee companies marked by MSCI ESG Research with a Red Flag (which are assigned when there is a direct involvement of the investee company 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 the event that an investee company's score of good governance practice fell below -2 and/or a Red Flag is given by MSCI ESG Research, the Company reserves the right to liquidate the position within three months. For indirect investments (i.e.: through funds, including ETFs), the Company relies on MSCI ESG Research's assessment of good governance practices on the portfolio holdings of each invested UCITS and/or other UCI. To conduct this test, MSCI checks that the governance of the portfolio companies is based on rules of conduct that are aligned with international best practices (such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights) and inspired by consideration of the interests of all stakeholders, including through compensation policy, employee relations, and tax compliance. According to the MSCI ESG research methodology, an overall ESG rating of BB or higher generally indicates a company's ability to manage resources, mitigate key ESG risks and opportunities, and meet basic corporate governance expectations. Therefore, if a fund's governance pillar score is equal to or higher than the level corresponding to a rating of at least BB, the good governance practice test is considered passed.• 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.

Based on the above, MSCI ESG Research determines for each investment whether it is considered "sustainable" under the SFDR. Since one of the key requirements to be considered sustainable is to follow good governance practices, in Azimut Life's opinion, MSCI ESG Research's methodology of having a minimum overall ESG rating of "BB" is too weak, as the overall "BB" ESG rating can be achieved by having high scores on the Environmental and Social pillars, even if the Governance pillar's score may be very low. In such case, companies that do not follow good governance practices could still be considered sustainable, in violation of one of the core principles of the SFDR.

Therefore, investments that are considered as sustainable according to the MSCI ESG Research methodology are further filtered by introducing the additional requirement of meeting a minimum rating on the Governance pillar of "BB" or higher (considering the following scale CCC, B, BB, BBB, A, AA, AAA).

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, Azimut Life considers 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.

9.4 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 all Azimut Life Investment Products directly managed by Azimut Life or by delegated investment managers belonging to the Azimut Group specified in Section 8.2 of this Policy, the following additional restrictions apply for SFDR ex-Article 8 Investment Products:
    - It is not allowed to invest in funds with an ESG rating below "BB" calculated according to the MSCI ESG Research methodology;
    - The proprietary score on good governance practices for each direct investment must be higher than -2 (z-score). In case of indirect investments (i.e.: through funds, including ETFs), the score on the governance pillar calculated by MSCI ESG Research at the level of the target fund must be consistent with a rating of at least BB;
    - 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.

9.5 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 or 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.

This product follows all the requirements included in the art. 20 RTS.

10. OVERSIGHT OVER DELEGATED INVESTMENT MANAGERS

Where Azimut Life delegates the investment management function, it:

- Performs initial and ongoing due diligences on the delegated investment Managers;
- Constantly monitors the activity of the delegated Investment Managers through monthly KPIs.

10.1 DUE DILIGENCE

Azimut Life’s 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.

10.2 MONITORING

Azimut Life oversees the implementation of the ESG Policy, Engagement Policy and/or Voting Rights Policy of each delegated Investment Manager, inter alia, through regular review of:

- Reporting by the delegate, including key performance indicator reporting (KPIs)

11. COMMITMENT OF THE COMPANY

The commitment of the Company to ESG is substantiated as:

1. Commitment in the definition and **monitoring** of the Investment Strategy, both for the Company and for its internal funds, as described above in this Policy;

2. Commitment through **transparency**. This is intended as clarity towards all stakeholders and, in relation to investments, as clear and transparent approach towards activities of voting, as detailed in the Voting and ESG Policy.

12. REVIEWS AND UPDATES

This Policy will be reviewed at least annually by the Head of Investments with the support of the Head of Compliance and submitted to the Board of Directors of the Company for approval in order to ensure that the Policy remains robust and fit for its purpose and/or in order to remain in compliance with legal and regulatory requirements as well as with any internal recommendations for improvement (e.g. Internal Audit recommendations, self-identified issues).

More frequent reviews can occur, whenever appropriate due 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), or if required following the completion of any self-assessment performed by the Company in accordance with applicable legislation.

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