SUMMARY OF THE SUSTAINABILITY POLICY OF EURIZON CAPITAL SGR S.p.A.

June 2023

CONTENTS

1. INTRODUCTION

As a financial markets participant and financial advisor, Eurizon Capital SGR S.p.A. ("Eurizon Capital SGR", the "SGR" or the "Company") has a fiduciary commitment with its Clients and Investors and, more in general, with stakeholders, that requires issues related to sustainability to be managed effectively, with particular reference to returns on financial products and to issuers that the Company invests in. In keeping with its own "Engagement Policy", the SGR believes that issuers adopting high standards at a social, environmental and corporate governance level, are capable of generating sustainable performance in the long term.

This document represents the Policy relating to the integration of sustainability risks in the Investment Process of Eurizon Capital SGR pursuant to Article 3[1] of Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability Disclosure in the Financial Services Sector (so-called "*Sustainable Finance Disclosure Regulation*" or "*SFDR*") and the related implementing regulations.

The Policy describes the methodologies for selecting and monitoring the financial instruments adopted by the Company in order to include sustainability risk analysis and management[2] in its own Investment Process regarding collective asset management and portfolio management services, as well as recommendations made as part of investment advisory services.

Along with these methodologies, the adoption of specific financial instruments selection processes are foreseen, which are appropriately calibrated based on the characteristics and objectives of the individual products managed, that take into account environmental, social and corporate governance (ESG) factors, and principles of Sustainable and Responsible Investments (SRI).

The criteria for selecting and monitoring issuers based on ESG and SRI profiles combine traditional financial analyses of the risk/return profiles of issuers which the Company considers when making its investment choices, in order to (i) avoid environmental, social and corporate governance conditions from having an actual or potential significant negative impact on the value of investments of managed assets, and to (ii) lever the capabilities of issuers to benefit from sustainable growth opportunities.

This document also describes how Eurizon Capital SGR takes into account:

– the main negative effects of investment decisions on sustainability factors, pursuant to Articles 4[3] and 7[4] of the SFDR and the related implementing regulations.
– sustainability risks in its Remuneration and Incentive Policy, pursuant to Article 5[5] of the SFDR.

The legal framework has been further extended by the European legislator, with the following provisions:

– Regulation (EU) 2020/852 ("Taxonomy Regulation") on the establishment of a framework to facilitate sustainable investment;
– Commission Delegated Regulation (EU) 2021/1253 as regards the integration of client sustainability factors by investment firms;
– Commission Delegated Directive (EU) 2021/1269 as regards the integration of sustainability factors into the product governance obligations;

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[1] Financial market participants shall publish on their websites information about their policies on integrating sustainability risks into their investment decision-making processes. Financial advisors shall publish on their websites information about their policies on integrating sustainability risks into their investment or insurance advice.
[2] An environmental, social or governance event or condition that, if it occurs, could have an actual or potential significant negative effect on investment value.
[3] Financial market participants shall publish and update on their websites [omission] where they consider the main adverse effects of investment decisions on sustainability factors, a statement regarding their due diligence policies with respect to such effects, taking due account of their size, the nature and scope of their activities and the type of financial products they make available.
[4] [omission] for each financial product, if a financial market participant applies Article 4 [omission], the following shall be included: a) a clear and reasoned explanation of whether, and, if so, how a financial product considers principal adverse impacts on sustainability factors; b) a statement that information on principal adverse impacts on sustainability factors is available in the information to be disclosed pursuant to Article 11(2) of the Regulation.
[5] Financial market participants and financial advisors shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites.

- Commission Delegated Regulation (EU) 2022/1288, as amended, describing the regulatory technical standards on the content and presentation of information in pre-contractual documents, on websites and in periodic reports.

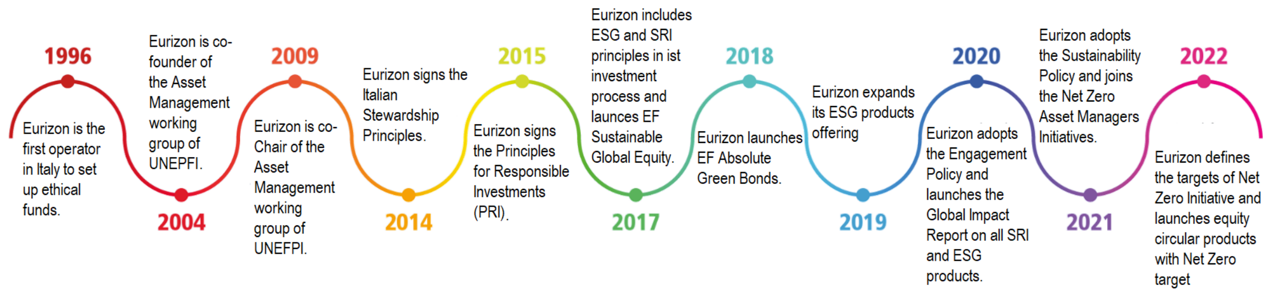
In this context, the SGR promotes specific training for its personnel, to consolidate their awareness and understanding of sustainability-related issues.

2. Eurizon's commitment to the sustainability of financial services

The vision and mission of Eurizon Capital SGR underlines the importance for Companies belonging to the Intesa Sanpaolo Group's Asset Management Division to work with investees in order to promote rules and a conduct that focus on the sustainability aspects of investments and promote high standards of governance of investee issuers.

The Company believes that companies which take account of ESG factors in their own strategies and operating models have a greater likelihood of obtaining sustainable profits over time, and thus of increasing their value, both in economic and financial terms.

Below are the fundamental milestones of Eurizon Capital SGR and the Asset Management Division's commitment to ESG and SRI issues, starting from 1996, the year when the first ethical funds were placed on the Italian market:



In this context, the Company promotes a conduct that favours sustainability aspects of investments and the adoption of good corporate governance practices by investee issuers. The next sections describe the Codes, Principles and Initiatives endorsed by Eurizon Capital SGR, in order to adopt ethical *standards* and codes of responsible company conduct which are internationally recognised[6].

2.1. United Nations' Principles for Responsible Investment (UN PRI)

The integration of ESG factors and SRI principles, besides meeting the reference values and principles of the Intesa Sanpaolo Group and the Asset Management Division, is connected with the Company endorsing the "Principles for Responsible Investment" since 2015. These guiding principles concern socially responsible investments and are promoted by the United Nations on the initiative of:

- *"UNEP FI":* the partnership between the "United Nations Environment Programme" (UNEP) and finance industry, developed with the aim of analysing the impact of environmental and social factors on the sustainability of financial performance;
- *"UN Global Compact":* the initiative for promoting a sustainable global economy, which respects human rights and employment, environmental protection and the fight against corruption.

As a signatory of the Principles for Responsible Investment, Eurizon Capital SGR is committed to:

1. incorporating environmental, social and governance factors in the analysis of investments and in the decision-making process;
2. including environmental, social and governance factors in its active ownership policy;

[6] As a result of these endorsements, considering the principle of proportionality and specific aspects of the *business*, the Subsidiaries adopt an oversight consistent with that of Eurizon Capital SGR, aimed at implementing the best practices promoted by the various initiatives.

3. requesting the companies it invests in to provide appropriate disclosure on information about environmental, social and governance factors concerning them;
4. promoting the acceptance and adoption of the Principles among investors;
5. working with the financial community to improve the effective adoption of the Principles;
6. reporting to the public on the activities and progress of the Company in adopting the Principles.

The SGR is required to provide information each year on its responsible investment activities, taking part each year in the annual "*Reporting and Assessment*", available on the website www.unpri.org.

2.2. STEWARDSHIP *PRINCIPLES*

As a member - since 2014 - of the "*Italian Stewardship Principles*" for the exercise of administrative and voting rights in listed companies defined by Assogestioni, the SGR pays particular attention to the policies implemented by the issuers, encouraging discussions with companies in which it invests.

The Principles defined by Assogestioni are aligned with those contained in the Stewardship Code promoted by the European Fund and Asset Management Association (EFAMA), in which Assogestioni participates and of which Eurizon Capital SGR is also a member, in order to promote, at European level, the development of good corporate governance practices.

In this context, the SGR:

1. adopts a documented policy, made available to the public, that sets out the strategy to exercise rights concerning financial instruments of managed portfolios and UCIs;
2. monitors listed investee issuers;
3. sets out clear guidelines on the time frames and procedures for activities with listed investee issuers, in order to protect and increase their value;
4. considers collaboration with other institutional investors, where appropriate, paying particular attention to regulations governing joint actions;
5. exercises the voting rights attached to the financial instruments pertaining to the UCIs and the managed portfolios in an informed manner;
6. keeps track of the exercise of the rights attached to the financial instruments pertaining to the UCIs and managed portfolios, adopting a policy on the disclosure of information on external governance.

To steer the conduct adopted by the SGR to encourage engagement with the issuers it invests in, integrating its own commitment to the investment strategy, in a capacity as shareholder, the SGR has defined its own "*Engagement Policy*", adopted also in accordance with Article 124-quinquies of Legislative Decree 58 of 24 February 1998 ("Consolidated Finance Act", otherwise called the TUF).

In compliance with sector regulations on collective asset management services[7], the SGR has also produced the "*Strategy for exercising participating and voting rights concerning the financial instruments of assets managed by Eurizon Capital SGR S.p.A.*" in order to guarantee independence and autonomy in exercising participating and voting rights, when such rights are assigned for managed investments on a discretionary basis.

The SGR monitors the effectiveness of measures adopted for engagement with issuers and the exercise of participating and voting rights, reviewing the Engagement Policy and Strategy at least annually. The SGR provides transparent information on these documents at www.eurizoncapital.com.

2.3. *EUROSIF*

Mutual funds belonging to the Ethical System in 2008 signed up to the "*European Code for the transparency of sustainable and responsible investments*" promoted by EUROSIF ("*The European Sustainable and Responsible Investment Forum*") - a pan-European organisation that promotes

[7] See Article 35-decies of the TUF and Article 112 of the Intermediaries Regulation adopted by CONSOB with ruling no. 20307/2018, as amended.

sustainability in European markets - with the aim of increasing the clarity of practices of sustainable investment within investment products.

As a result of this agreement, the SGR annually signs a specific "Declaration of commitment", made available on the website, through which it makes the Investment Process of Ethical Funds transparent also for the purpose of complying with the positive and negative criteria for selecting the financial instruments envisaged by the Management Regulations.

2.4. CDP

Since 2004, the SGR has participated in CDP (formerly the "Carbon Disclosure Project"), the independent non-profit organization that offers companies, states, regions and cities a framework for measuring, detecting, managing and sharing information on a global level regarding its environmental impact, with the aim of promoting actions aimed at mitigating climate change.

2.5. *NET ZERO ASSET MANAGERS INITIATIVE*

The fiduciary commitment with Clients and Investors and, more generally, with Stakeholders, requires the SGR to effectively manage sustainability-related issues and, specifically, climate change mitigation and adaptation issues.

On November 1 2021, the SGR therefore adhered to the so-called *"Net Zero Asset Managers Initiative*" (hereinafter "NZAMI"), the international initiative promoted by management companies committed to supporting the goal of achieving the neutrality of net greenhouse gas emissions by 2050 (so-called "*Net Zero*"), in line with the commitments made by the States that signed the Paris Agreement, aiming at containing the impacts of climate change and limiting the rise in temperatures by 1.5 °C by 2050.

NZAMI is committed to ensuring transparency and rigor also in achieving the intermediate objective of aligning a portion of assets under management with the “Net Zero” scenario from as early on as 2030.

In this regard, NZAMI envisages:

- an average reduction of carbon emissions (CO2) of at least 50% compared to the year 2019 (this goal is in fact recognized by the Intergovernmental Panel on Climate Change (the IPCC) as a necessary condition to mitigate the rise in temperatures of up to 1.5°C by 2050);
- the promotion of a proactive engagement action towards less advanced issuers (“laggards") and sectors with greater impact ("high impact");
- transparency on the commitments undertaken within twelve months from the date of accession, with the commitment (i) to implement an annual report that integrates the annual *disclosure* required by the *UN PRI* and (ii) to review the intermediate objectives at least every five years.

Participation in NZAMI also takes the form of the positive management of the SGR's resources, for example by monitoring the carbon footprint of its activities (e.g. consumption and energy sources).

2.6. *INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE*

For the purpose of a more effective implementation of the obligations deriving from the subscription of the "Net Zero Asset Managers Initiative", starting from November 2021 the SGR joined the Institutional Investors Group on Climate Change (IIGCC), the European association of investors that promotes collaboration on climate change and the reduction of net greenhouse gas emissions. In this regard, the SGR makes use of the methodological framework developed by IIGCC, called “Net Zero Investment Framework 1.5 °C”, as well as direct comparison with other participating companies.

2.7. FORUM FOR SUSTAINABLE FINANCE

In November 2021, the SGR joined the "Forum for sustainable finance"[8] (the "Forum"), the non-profit organization which includes financial operators and other organizations interested in the environmental

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[8] The Forum is a member of the EUROSIF network, which also includes the following 6 National Forums: FIR, FNG, Spainsif, SIF Ireland, Swiss Sustainable Finance, UK SIF

and social impact of investments. The Forum promotes the knowledge and practice of sustainable investment, with the aim of disseminating the integration of environmental, social and corporate governance (ESG) criteria into financial products and processes.

2.8. INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN)

Since 2016, Eurizon Capital SGR has been a member of the *International Corporate Governance Network* (ICGN) - the international association promoting global corporate governance and investor stewardship standards, with the aim of creating long-term value, contributing to the sustainability of economies, society and the environment.

3. ROLES AND RESPONSIBILITIES IN THE PROCESS TO SELECT AND MONITOR ESG AND SRI CRITERIA

To promote a correct adoption of its own Sustainability Policy, Eurizon Capital SGR has established a framework involving the following corporate bodies and entities:

BOARD OF DIRECTORS

Defines, on the basis of the proposals made by the CEO and General Manger (i) the methodologies for selecting and monitoring financial instruments in order to integrate the analysis and management of sustainability risks within the Investment Process of managed products, (ii) the methods for identifying the main negative effects of investment decisions on sustainability factors, defining priorities and mitigation actions, the results of which are formalised in the *"Principal Adverse Sustainability Impacts Statement*"; and (iii) the methods for integrating sustainability risks into the Remuneration and Incentive Policies.

The Board periodically monitors the correct implementation of the SGR's Sustainability Policy.

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

Formulates, with the support of the *Environmental, Social and Governance Committee* ("ESG Committee"), proposals for the Board of Directors relating to the methods for (i) selecting and monitoring financial instruments aimed at integrating sustainability risks within the Investment Process of managed products, (ii) identifying the main adverse effects of investment decisions on sustainability factors, including (a) identifying priorities and related mitigation actions and (b) the "*Principal Adverse Sustainability Impacts Statement of Eurizon Capital SGR S.p.A.*", and (iii) integrating sustainability risks in remuneration and incentive policies.

Periodically monitors, within the ESG Committee, the implementation of the SGR Sustainability Policy, making use of the reports prepared by the *ESG & Strategic Activism* Entity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The *Environmental, Social and Governance Committee* ("ESG Committee") is an advisory body assisting the Chief Executive Officer (i) in defining the proposals to be submitted to the Board of Directors, (ii) in monitoring the implementation of strategies involving the negative screening of SRI and ESG factors, the positive integration of ESG factors, in the analysis, selection and composition of financial portfolios managed and comparison with investees, through the exercise of voting rights and engagement activities.

Moreover, the ESG Committee (i) monitors, taking into account the available data - at a sub-holding level, the final balance of the main environmental, social and governance indicators relating to managed assets, defining the appropriate actions for the mitigation of the negative effects connected with the sustainability risks, (ii) defines proposals for the Board of Directors regarding the priorities to be adopted for the following period, (iii) presents an annual statement of the main negative effects of investment decisions on sustainability factors (the "Principal Adverse Sustainability Impacts Statement").

For an in-depth analysis, the ESG Committee is supported by the Sustainability Committee.

FINANCIAL, CREDIT AND OPERATIONAL RISKS COMMITTEE

The Financial, Credit and Operational Risks Committee is a collegial body, aimed at monitoring the exposure to risks of the products managed. With specific reference to sustainability risks, the Committee (i) monitors the results of the analyses of the impacts of sustainability risks on financial products carried out by the Risk Management Function with the support of the Long-Term Sustainable Strategies and (ii) monitors the possible actions to mitigate the negative effects connected with investment decisions.

SUSTAINABILITY COMMITTEE

The SGR has set up a Sustainability Committee, pursuant to the provisions of the Management Regulations of mutual funds belonging to the Ethical System. In this context, the SGR is assisted by the Committee, to ensure that management choices are consistent with the ethical principles set out in the Regulation. The Committee is independent and autonomous in relation to the Company and is made up of individuals with recognised integrity and moral standing. Moreover, the Committee works with the company entities concerned with regard to issues that may affect the SGR as well as the various products, including mandates.

DEVOLUTIONS COMMITTEE

This internal body was established pursuant to the Regulations for the management of funds belonging to the Ethical System which provides for the Company's commitment to finance humanitarian projects and initiatives, in the broadest sense of the term. To this end, the Committee (i) supervises the devolution and charitable activities carried out at all levels by the SGR and by its subsidiaries and (ii) prepares proposals for the Board of Directors to identify charitable organisations deemed worthy.

ESG & STRATEGIC ACTIVISM

The *ESG & Strategic Activism* entity oversees the dissemination and adoption of investment sustainability principles, promoting the integration of environmental, social and governance factors in the Investment Process.

It is responsible for the development and implementation of company policies in the ESG and SRI areas and for the proper performance of the related operational processes. Monitors market practices and proposes activities to Senior Management to promote innovation on company methodologies and processes.

The entity is divided into the following units:

- *Corporate Governance* which (i) coordinates the activities related to the management of shareholder meetings in relation to the exercise of the right to vote for the shareholdings held by the assets managed by the Company, and (ii) carries out and monitors the engagement activities with significant issuers related to corporate governance issues, working together with the Sustainability unit, for environmental, social and ethical issues;
- *Sustainability* which (i) coordinates the SGR strategy for Sustainability and Responsible Investment issues, supporting Top Management in relation to the integration of environmental, social and governance factors in the Company's Investment Process, and in creating and implementing new products and services, (ii) coordinates monitoring and engagement activities regarding issuers, with particular reference to environmental and social issues, and (iii) supports the work of the ESG Committee.

LONG TERM SUSTAINABLE STRATEGIES

The *Long Term Sustainable Strategies* entity of the Investments Department, under the coordination of the Head of *Investment Solutions*, monitors corporate issuers, also assisted by *info providers* specialised in ESG and SRI issues, in order to identify lists referred to (i) issuers considered as "not responsible" and/or (ii) with a high exposure to ESG risks ("critical issuers") and/or (iii) that do not comply with good *governance* practices.

With the support of the ESG & Strategic Activism entity, it oversees the identification and prioritisation of the main negative effects of investment choices on sustainability factors, assisted by specialised info-providers.

The results of the analyses relating to the impact of sustainability risks on financial products, coordinating with the Risk Management Function, are presented to the Financial, Credit and Operational Risks Committee, which is responsible for monitoring the negative effects connected with investment decisions.

GREEN AND SUSTAINABLE FINANCE

The *Green and Sustainable Finance* entity ("G&SF") of the Investments Department, coordinated by the Head of *Fixed Income & FX*, promotes the adoption of bond investment strategies supporting environmental and sustainable-related projects.

MULTIMANAGER INVESTMENTS & UNIT LINKED

The Multimanager Investments & Unit Linked entity of the Investments Department, coordinated by the Head of Investment Solutions, oversees the screening of target UCIs of third-party fund houses related to SRI and ESG factors.

COMPLIANCE & AML FUNCTION

The Compliance & AML Function monitors compliance with the Company's Sustainability Policy, supervising the correct adoption of safeguards contemplated in internal and external regulations. In this context, the Function also oversees compliance with the decision-making process and the Operating Limits aimed at containing risks, including reputational risks, of managed portfolios related to ESG and SRI issues.

RISK MANAGEMENT FUNCTION

The Risk Management Function monitors the sustainability risk of the products managed by coordinating - as regards the verification of compliance with the Operating Limits - with the Compliance & AML Function.

To this end, the Function (i) analyses the methodologies to select and monitor the financial instruments adopted by the SGR with the aim of integrating sustainability risk analysis in its own Investment Process; and (ii) monitors the impact of sustainability risks on financial products.

4. SCOPE OF APPLICATION

This Policy requires for all types of assets held by managed products - mutual funds and portfolio management - that pre-contractual information:

- explains the procedures for including sustainability risks in investment decisions, in compliance with the transparency requirements in Article 6[9] of the SFDR;
- promote, environmental or social characteristics among others, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, pursuant to Article 8[10] of the SFDR;
- has sustainable investment goals pursuant to Article 9[11] of the SFDR.

[9] Participants in financial markets include the description given below in pre-contractual information:
a) how sustainability risks are integrated in their investment decisions; and
b) the results of the assessment on the probable impacts of sustainability risks on the return of the financial products they make available.

[10] If a financial product 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, the information to disclose [*omission*], shall include the following:
a) information on how such characteristics are met;
b) if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics.

[11] Where a financial product has sustainable investment as its objective and an index has been designated as a reference benchmark, the information to be disclosed [*omission*] shall be accompanied by the following:
a) information on how the designated index is aligned with that objective;
b) an explanation as to why and how the designated index aligned with that objective differs from a broad market index.
2. Where a financial product has sustainable investment as its objective and no index has been designated as a reference benchmark, the information to be disclosed [*omission*] shall include an explanation on how that objective is to be attained.
3. Where a financial product has a reduction in carbon emissions as its objective, the information to be disclosed [*omission*] shall include the objective of low carbon emission exposure in view of achieving the long-term global warming objectives of the Paris Agreement.

Mandates characterised by the presence of specific indications in their respective investment policies do not fall within the scope of application, considering the lower degree of discretion in the selection of financial instruments.

5. PROCESS TO INTEGRATE SUSTAINABILITY RISKS IN THE MANAGED ASSETS INVESTMENT PROCESS

In line with the obligations envisaged in EU regulations on sustainability related disclosures in the financial services sector, the SGR has defined specific methodologies to select and monitor financial instruments aimed at integrating sustainability risks in the Managed Assets Investment Process.

These methodologies are appropriately defined base don the characteristics of the products and their classification pursuant to the SFDR.

The strategies for the integration of sustainability risks implemented by the managed assets of the SGR are described below.

NEGATIVE *SCREENING*

- SRI EXCLUSIONS OR RESTRICTIONS: issuers operating in sectors considered "not responsible" to whom restrictions or exclusions concerning the Investment Universe of individual managed assets are applied ("SRI Binding screening");"). The exclusions are applied to all active management products, while in the case of *Limited Tracking Error* products and index-linked products (with the exception of those that specifically integrate ESG factors), the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark. Issuers operating in sectors considered "not responsible" are (i) companies with an evident, direct involvement in the manufacture of unconventional weapons[12] *(Anti-personnel mines; Land mines; Cluster bombs; Nuclear weapons[13]; Impoverished uranium; Biological weapons; Chemical weapons; Non-detectable fragment weapons; Blinding lasers; Incendiary weapons;* White phosphorous ("unconventional weapons", (ii) companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) companies that derive at least 10% of their turnover from the extraction of oil & gas from bituminous sands (so-called oil sands); For issuers with an exposure to the thermal coal and oil sands extraction sectors below the prescribed thresholds, specific *engagement[14]* processes are activated which may determine restrictions and/or exclusions with respect to the Investment Universe of the single managed assets; if, at the end of the engagement process, positive effects are not identified, such as the definition of "phase out" plans for the thermal coal generation or oil sands extraction sectors, the SGR evaluates whether to continue the monitoring period or to start the process to divest the managed assets;
- ESG EXCLUSIONS OR RESTRICTIONS: [15]"critical" issuers for which an escalation process is activated that leads to restrictions and/or exclusions determines with respect to the Investment Universe of individual

[12] These provisions do not apply to activities that are permitted under the following treaties and/or conventions:
- the Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines;
- the Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions;
- the Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons;
- the Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons;
- Council Regulation (EU) 2018/1542 concerning restrictive measures against the proliferation and use of chemical weapons;
- The Treaty on the Non-Proliferation of Nuclear Weapons of 1 July 1968.

[13] Issuers based in States that are not signatories to the "Treaty on the Non-Proliferation of Nuclear Weapons" of 1 July 1968 are not considered.

[14] In particular, these activities aim to ensure that no new thermal coal generation or oil sands extraction projects are developed, as well as the gradual "phase out" from such activities.

[15] Consistently with the provisions of the "*Engagement Policy of Eurizon Capital SGR S.p.A.*", the Company has defined the following methods of intervention with regard to the identified issuers: (i) organisation of specific meetings with the members of the company bodies (including minority bodies), or the entities appointed by them, of the listed issuer invested in (which are minuted by the Corporate Governance unit); (ii) preparation of a formal communication to the company bodies

managed assets ("ESG Binding screening"). The exclusions are applied to all active management products, while in the case of *Limited Tracking Error* products and index-linked products (with the exception of those that specifically integrate ESG factors), the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark. "Critical" issuers are defined as those companies characterised by a higher exposure to environmental, social and corporate governance risks, that is, with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") in the equity and bond investment universe. If, at the end of the engagement process, positive effects or an improvement in the sustainability rating are not identified, the SGR evaluates whether to continue the monitoring period or to start the process to divest the managed assets;

POSITIVE SCREENING

- INTEGRATION OF ESG FACTORS: the integration of ESG factors in the analysis, selection and construction of managed portfolios ("*ESG Integration*"), with the aim of creating portfolios with (i) an ESG score higher than that of the investment universe ("*ESG Score Integration*"), while observing good governance practices; (ii) processes for selecting investments based on positive and negative screening criteria as detailed in the offering documentation, as in the case of Ethical and Thematic Funds ("*Thematic Integration*"); (iii) processes for selecting investments based on sustainable investment criteria, pursuant to the SFDR; this objective is achieved by investing at least 50% of *assets* in issuers whose activities contribute to one of more sustainable development objectives, such as the *Sustainable Development Goals* (SDGs) promoted by the United Nations ("*Sustainable Integration*")[16]; (iv) processes for selecting investments based on the screening of target UCIs, applicable to "wrapper" products, such as funds of funds, retail and unit linked portfolio management, on condition that these products invest at least 70% of assets in target UCIs that promote environmental or social characteristics or sustainable investment goals ("Manager Selection Integration"); (v) investment selection processes that take into account the criteria for the construction of the respective benchmarks, identified on the basis of environmental, social and corporate governance factors, provided that these products - such as, for example, Limited Tracking Error products and indexed products - invest at least 90% of their assets in issuers present in the benchmark ("*Index Integration*"); (vi) government issuer selection processes that use the indicators referred to in the "*Sustainable Development Report"* and adopted to monitor main adverse impacts relating to government issuers; this objective is achieved by investing at least 70% of assets in these issuers ("*Sovereign Integration"*)[17]; (vii) the integration of procedures to measure the carbon footprint generated by issuers, i.e. the carbon dioxide (CO_2) emissions, in order to create portfolios with a carbon footprint below that of the investment universe.

  The products may implement one or more of the aforesaid strategies, based on their significance in relation to the management style and/or *asset classes* selected by the entities of the Investments Department in charge of implementing the investment policy. If the product entail the use of more than one strategy, the controls are performed on respective portions of the portfolio;

- SUSTAINABLE INVESTMENT GOALS: procedures to achieve, in compliance with good governance practices, sustainable investment goals ("*Sustainable Investments*"), through methodologies to select investments aiming at (i) contributing to sustainable development goals, through processes to select investments based on sustainable investment criteria pursuant to the SFDR ("*SDG Investing*"); (ii) generating a social and environmental impact together with a measurable financial return ("*Impact Investing*");
- GOOD GOVERNANCE PRACTICES: the products classified pursuant to Articles 8 and 9 of the SFDR invest in corporate issuers that comply with good governance practices in accordance with the same

and senior management of the companies; (iii) promotion of forms of collective engagement with other institutional investors; in this regard, the SGR considers this solution when it believes it is the most effective choice for improving communication with the issuers (for example, in the case of significant corporate events or matters of public interest); (iv) makes public statements at Shareholder Meetings.

[16] This condition applies to products that pursue "*Sustainable Integration*" as the only strategy to integrate sustainability risks.

[17] This strategy is applicable to products which, based on their own investment policy, mainly invest (at least 70%) in government issuers.

Regulation, i.e. issuers that (i) have solid management structures, and do not have critical aspects at the level of (ii) relations with personnel, (iii) personnel remuneration and (iv) compliance with tax obligations ("*Good Governance*");

STEWARDSHIP : the promotion, through proactive interaction with issuers, of exercising participation and voting rights, and engagement with investees, through engagement with the *management* of companies ("*Active ownership - engagement"*).

The next table shows the correspondence between the Strategies adopted by the SGR and procedures for the integration of sustainability risks of financial products pursuant to the SFDR:

MACRO-STRATEGY	STRATEGY	INTEGRATION METHODOLOGY		ARTICLE 6	ARTICLE 8	ARTICLE 9
NEGATIVE SCREENING	SRI EXCLUSIONS OR RESTRICTIONS (SRI Binding *screening*)	Issuers operating in sectors deemed not responsible	Unconventional weapons	●	●	●
			Thermal Coal	●	●	●
			Bituminous Sands	●	●	●
	ESG EXCLUSIONS OR RESTRICTIONS (ESG Binding *screening*)	Critical issuers		●	●	●
POSITIVE SCREENING	INTEGRATION OF ESG FACTORS (ESG *integration*)	ESG *Score Integration*			●	
		(ESG integration)			●	
		Sustainable Integration			●	
		Manager Selection Integration			●	
		Index Integration			●	
		Sovereign Integration			●	
		Carbon Footprint			●	
	Sustainable Investment Goals (*Sustainable Investments*)	SDG *Investing*				●
		Impact Investing				●
	GOOD GOVERNANCE PRACTICES	*Good Governance*			●	●
STEWARDSHIP	STEWARDSHIP	*Active ownership - Engagement*		●	●	●

The Company has defined, for each of the Strategies, specific decision-making processes and operating limits aimed at containing the risks, also reputational, of managed portfolios, of which compliance is monitored by the Risk Management Function assisted by the Compliance & AML Function, according to the procedures detailed in the following Paragraphs.

6. PROCESS *FOR SCREENING* THE ASSETS SELECTED FROM MANAGED FUNDS

6.1. TARGET *UCIs*

As part of the process to select and monitor the target UCIs of third-party fund houses (mutual investment funds and SICAVs), the Multimanager Investments & Unit Linked entity of the Investment Department assesses - in addition to economic and financial analyses - the level of integration of the SRI and/or ESG factors and related sustainability risks, in the framework of:

- the decision-making and investment processes of fund houses, in compliance with Article 6 of the SFDR;
- the investment policies of individual UCIs, verifying:
  - the promotion, among other things, of environmental or social characteristics, or a combination of those characteristics, as well as compliance with good governance practices, pursuant to Article 8 of the SFDR;
  - the adoption of sustainable investment goals, pursuant to Article 9 of the SFDR;

– the presence of any additional distinguishing ESG elements in managing individual products.

This information - obtained from fund houses and/or through specialized info providers (e.g. Bloomberg, Morningstar) - is valued both as one of the elements considered for possible approval in the UCI list, and as a possible choice criterion, among others, by the portfolio managers of the Company. As part of its own due diligence activities, the Multimanager Investments & Unit Linked entity favours investment companies that ensure a high level of transparency of managed products, also regarding procedures to integrate sustainability risks and environmental, social and corporate governance (ESG) factors, and sustainable and responsible investment (SRI) principles in their investment processes.

In this context, the Risk Management Function verifies, based on offering documentation acquired from the fund house, the results of analyses on the level of integration of SRI and/or ESG factors and connected sustainability risks.

6.2. ALTENATIVE INVESTMENT FUNDS (AIF) BELONGING TO THE "ITEя RANGE"

Eurizon Capital SGR has defined specific methods of selection and monitoring of financial instruments aimed at integrating sustainability risks within the Investment Process of AIFs belonging to the "ITEя range", whose management is delegated to the subsidiary Eurizon Capital Real Asset SGR S.p.A..

To this end, the SGR has adopted the following selection and monitoring criteria

- SRI exclusions, aimed at avoiding investment in companies operating in sectors that are not "responsible", as they are characterized by critical issues related to the respect of human rights or by a clear involvement - in terms of turnover - in activities connected with:
  - the production or marketing of (i) armaments, including components exclusively intended for them, (ii) tobacco, (iii) pornographic material, (iv) electronic solutions or programmes specifically designed to illegally allow access to electronic networks or the downloading of data in electronic format;
  - research and development of programmes, electronic solutions or other activities in support of one or more of the areas referred to in the preceding paragraph;
  - gambling.
- ESG integration, given the peculiarity of the products and the absence of info-providers specialized in carrying out assessments on sustainability, the SGR relies on the support of an external advisor, which is entrusted with the research, analysis and selection of investment proposals that aims to favour investment opportunities that promote aspects of environmental sustainability, social and good governance;
- *Active Ownership - Engagement*, through the exercise of administrative and voting rights and the exercise of strategic guidance of investee companies, promoting initiatives aimed at achieving sustainability objectives.

Taking into account the peculiarities of alternative investment funds, characterized by investments in illiquid assets with a long-term time horizon, sustainability criteria are taken into consideration when evaluating investment opportunities, in addition to economic/financial parameters. The engagement activity, by its very nature, is conducted throughout the life cycle of the investment.

The Investment Committee dedicated to the AIFs belonging to the "ITEя range" considers, among other aspects, compliance with ESG and SRI criteria, promoting sustainable and responsible investment choices that aim to create value in the medium-long term.

7. SUSTAINABLE INVESTMENTS

The next sections describe the methodology adopted by the SGR to identify "sustainable investments" pursuant to the SFDR, with particular reference to (i) issuers of financial instruments - shares and/or bonds, and (ii) target UCIs.

7.1. Financial instruments - shares and/or bonds

The model defined by the SGR envisages the assessment of issuers based on an internal methodology which leverages data made available by the specialized *info-provider* "MSCI ESG *Research"* and which measures the extent of an issuer's alignment with the 17 SDGs promoted by the United Nations.

The methodology assesses the degree of alignment with each of the SDGs based on the following two components:

- "*Product Alignment*", i.e. the indicator of the level of "net alignment""[18] of the products and services of an issuer with the targets associated with each SDG;
- "*Operational Alignment*", i.e. the indicator of the level of alignment of production processes of issuers in relation to specific sustainable development goals (SDG).

Each component is given a summary score on a 5-tier scale which may vary from "*Strongly aligned*" to "*Strongly misaligned*". An issuer is automatically considered as "*Strongly Misaligned*" (and consequently not sustainable) if (i) 50% or more of its revenues are from products with adverse impacts on the SDGs or (ii) is involved in one or more disputes classified as *Very severe*".

On this basis, the SGR believes that an investment may be considered as "sustainable" if the issuer has at least 1 SDG with a *score* equal to "*Aligned*" or "*Strongly Aligned*", and no SDG with a *score* equal to "*Misaligned*" or "*Strongly Misaligned*".

Green Bonds or similar instruments[19] are considered to be "sustainable".

7.2. Target *UCIs*

As regards to *target* UCIs (mutual investment funds and SICAVs), the SGR has defined an assessment methodology which aims to estimate the part of the product invested in sustainable issuers.For this purpose, UCIs that promote, among others, environmental or social characteristics, or their combination, pursuant to Article 8 of the SFDR, the SGR considers:

- for products managed by the SGR or its subsidiaries, the methodology to estimate sustainable issuers referred to in the previous paragraph (the "*look-through*" approach);
- for products issued by third-party fund houses - without prejudice to the due diligence activities indicated in the paragraph "*Screening process for the target UCIs of third-party fund houses related to SRI and ESG factors*" - the minimum exposure declared in the offering documentation.

Lastly, it should be noted that UCIs which pursue sustainable investment goals pursuant to Article 9 of the SFDR are considered as sustainable.

8. Management mandates to third-party fund houses

If the financial management of one or more products is delegated to a third-party fund house with respect to the Asset Management Division, the SGR verifies, based on the initial and ongoing due diligence process overseen by competent entities of the Company, that the third-party Managers adopt policies compliant with the requirements of applicable regulations on sustainability risk management.

9. Main Negative Effects on the Sustainability of Investment Choices

9.1. Transparency at an entity level

Pursuant to the provisions in Article 4 of the SFDR, Eurizon Capital SGR prepares an annual statement, approved by the Board of Directors and published on the website, which (i) describes the strategies adopted to identify the main negative effects of investment decisions on sustainability factors and (ii) defines the related mitigation actions, identifying the priorities to be addressed.

Although the negative effects of investment decisions on sustainability factors should be considered according to the different range of activities, geographic areas and sectors to which the managed

[18] The net impact implies that some products and services of a company may be well aligned with the sustainable development goals, while other products may have a negative impact and be misaligned with the goals.
[19] Such as *social bonds* and *sustainable bonds*.

products are exposed, Eurizon believes that adequate monitoring of exposure to social and environmental issues is a priority to mitigate the potential negative effects of its investments.

For these reasons, the evaluation of the main negative effects determined by investments represents a significant aspect of the Investment Process which includes both the integration of ESG factors and SRI principles and the implementation of a structured process of risk control and performance measurement, with the aim of maintaining a correct balance of the risk/return profile of the financial products offered to clients.

The SGR identifies and prioritizes the main environmental, social and governance indicators[20] - through the information collected by the specialized info-provider "MSCI ESG Research" - for the evaluation of the negative effects determined by the investments made on behalf of the assets managed as a whole.

9.2. Transparency at a financial product level

The assessment of the main adverse effects[21] of investment choices on sustainability factors and the definition of possible related mitigation actions are an integral part of Eurizon's approach to sustainability.

In this regard, the SGR has a specific framework that defines how the so-called "*Principal Adverse Impact indicators*" ("*PAIs*") are taken into account within the managed assets, in accordance with the Regulatory Technical Standards (RTS) of the SFDR.

This *framework* includes the use of specific indicators, as set out in Commission Delegated Regulation (EU) 2022/1288[22], which are associated based on the characteristics and objectives of the individual financial products based on oversight already defined by the SGR which includes the use of the following mechanisms (i) negative SRI and ESG screening, with the aim of mitigating the risks of exposure to companies operating in sectors deemed "responsible" (including, among others, exposure to the fossil fuels and unconventional weapons sectors), or which are characterised by critical environmental, social or corporate governance issues; (ii) Positive ESG screening in the analysis, selection and composition of financial portfolio and the selection of sustainable investments pursuant to the SFDR; (iii) the exercise of voting rights and engagement with investee issuers.

The following table shows the reconciliation matrix between adverse impact indicators and how to integrate sustainability risks of financial products under the SFDR Regulation:

Adverse Impact Indicator	Indicator Type	Article 6	Article 8[23]	Article 9[24]
Indicators applicable to corporate securities				
Intensity of greenhouse gas of owned companies (Scope 1 + 2)	Environmental		●	●
Exposure to companies active in fossil fuel sector	Environmental	●	●	●
Consumption and production of non-renewable energy	Environmental			●
Activities that adversely affect biodiversity-sensitive areas	Environmental		●	●
Board gender diversity	Social	●	●	●

[20] For any further information on environmental, social and governance indicators, please refer to the "Statement on the main negative effects of investment decisions on the sustainability factors of Eurizon Capital SGR S.p.A. and its subsidiaries" available on the website.
[21] "Main adverse effects" (or "main adverse impacts") refers to the effects of investment decisions and investment advice that result in adverse impacts on sustainability factors.
[22] The Commission Delegated Regulation indicates the content, methodologies and procedures for the presentation of information required under Article 4 of the SFDR in relation to the principal adverse impacts at an entity level for sustainability indicators (i) on the climate and other adverse impacts related to the environment and (ii) in the social dimension and regarding employees, respect for human rights and the fight against corruption and bribery.
[23] For products characterised by the "ESG Index Integration" strategy, the impact indicators depend on the characteristics of the selected index.
[24] In relation to products classified under Article 9 SFDR that use the Impact Investing strategy, with regard to the PAIs "Intensity of greenhouse gas of owned companies (Scope 1 + 2)" and "Consumption and production of non-renewable energy" applicable to investments in corporate securities as well as the PAIs applicable to investments in sovereign and supranational securities these indicators are assessed by means of due diligence on the instrument being invested. Finally, the PAI "Activities that adversely affect biodiversity sensitive areas" is not applicable to such products.

ADVERSE IMPACT INDICATOR	INDICATOR TYPE	ARTICLE 6	ARTICLE 8[23]	ARTICLE 9[24]
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Social	●	●	●
Indicators applicable to investments in sovereign and supranational securities				
Intensity of greenhouse gas	Environmental		●	●
Countries subject to social abuses	Social		●[25]	●

10. EURIZON ESG SCORE

Eurizon Capital SGR has adopted - as an additional assessment element to support the investment decisions of the managers - a proprietary score that integrates environmental, social and governance factors, called "Eurizon ESG Score" (also "ESG Score" or "ESG Composite Score ").

The Eurizon ESG Score proprietary model provides for an articulated system of the aggregation of scores, attributed on a standardised scale, referring to the following components:

- *ESG Risk Score* which estimates the environmental, social and governance impact of the business of individual issuers and the ability of the related choices to materially affect the generation of profits. This indicator therefore estimates the significance of the costs associated with ESG risks relating to the issuer's sector (e.g. regulatory restrictions on specific areas of activity); the component is calculated by weighting the scores of the Key Performance Indicators (KPI) considered material for each issuer, selected according to the sector to which they belong; an additional discretionary component is added to the KPI considered material, referring to the risks of disputes determined by aspects of "Privacy" and "Security";
- the *ESG Opportunity Score* which estimates the ability of issuers to take advantage of sustainable growth opportunities, in terms of their ability to generate future profits (e.g. technological innovations with environmental impacts). The indicator is measured as a percentage of revenues that derive from the sale of products and services aligned with sustainable development objectives[26] and is calculated by adding the contributions of the KPIs considered material for each issuer, depending on the sector to which they belong.

The processing of the score of the ESG Risk Score and ESG Opportunity Score components of a company is determined by analysing a total of 39 KPIs divided into 3 Pillars called "Environmental", "Social" and "Governance", as shown below:

The material KPIs for individual issuers are selected according to (i) the sector they belong to and (ii) the factors that can negatively affect the evolution of corporate profits in terms of higher costs and/or lower revenues. The materiality matrix of the KPIs also takes into consideration the specificities of the individual companies with respect to the sector to which they belong.

11. INTEGRATION OF SUSTAINABILITY RISKS IN REMUNERATION AND INCENTIVE POLICIES

The SGR's Remuneration and Incentive Policies take into consideration sustainability risks pursuant to Article 5[27] of the SFDR.

In particular, the annual Incentive Systems provide for:

- the attribution to Group Risk Takers, company Risk Takers and Middle Management who do not belong to the chain of managers of a specific objective, among those of strategic action, linked to the initiatives of the Company that take into account environmental, social and governance factors (so-called "Environmental, Social and Governance factors" - ESG);
- a corrective mechanism of the theoretical premium related to the population belonging to the chain of managers connected to the management of sustainability risks (so-called "sustainability corrective

[25] For products characterised by the "*Sovereign ESG Integration*" strategy.
[26] The score is positively correlated to the company's ability to generate sustainable revenues.
[27] Pursuant to Article 5 of the SFDR, *"Financial market participants and financial advisors shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites"*.

mechanism") which provides for the comparison between the "sustainability rating" of the portfolios managed (i. e. weighted average ESG score of the products referred to the individual manager) and the target rating (i.e. average ESG score of the parameters associated with the product, i.e. the benchmark or the investment universe).

12. POLICY REVIEW AND PUBLICITY

The SGR's Sustainability Policy is reviewed at least annually by the ESG & Strategic Activism entity, coordinating with the Compliance & AML Function, in order to assess the consistency of the methodologies adopted by the Company in relation to developments in national and international best practices.

13. REPORTING

In compliance with indications in applicable regulations, the SGR gives its Clients/investors and other stakeholders an overview of this Policy, and any significant amendment to the same, which is available at www.eurizoncapital.com.

This document is originally written in Italian language. In case of discrepancy between the original Italian text and the present English translation, the Italian version will prevail.