ESG POLICY

Document Control
Version and Review History

Version	Date	Comments	Author
1	12/12/2022		Errico
2	15/02/2024	Changes on good governance practises section	Errico
3	04/07/2024	Red Flag - Right to liquidate within 1 month	Errico

Approval and Sign-off

Approved by	Position	Version	Date
Board of Directors		1	23/12/2022
Board of Directors		2	06/03/2024
Board of Directors		3	24/07/2024

Key Dates

Event	Date
Next review date	Q4 2025

Content Owner
Chief Investment Officer

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1 Introduction

1.1. Purpose

This policy (the “**ESG Policy**” or the “**Policy**”) defines the principles informing the approach of Azimut Investments Limited (“**Azimut Investments**” or the “**Company**”) to any environmental, social and governance related issues (“**ESG**”).

In doing so, the Company takes into account relevant statutes, regulations, regulatory guidance, as well as industry best practice and guidelines (the “**Guidelines**”) as well as any ESG principles adopted or followed within the Azimut Group (the “**Group**”).

1.2. Scope

The present Policy contains the main principles to be followed by the Company and its Board of Directors (the “**Board**”), management, and staff in relation to ESG matters.

ESG can find specific application in the following areas:

1. **Investment activities**. How the Company considers and applies ESG considerations in the investment of its own (or shareholders’) assets and in the conduct of its portfolio management activities. This includes for instance the relevance given to ESG factors when deciding on investment policies and then when implementing investment decisions. Afterwards, how ESG factors and risks are monitored on an ongoing basis, to ensure investment is in line with the investment policies of the funds and products managed by the Company.
2. **Company’s activities and organization**. How the Company approaches and applies ESG and its Corporate Social Responsibility (“**CSR**”) strategy in:

    A) the organization and conduct of its business and

    B) the interaction with third parties.

   A) As for the <u>organization and conduct of the business</u>, it is relevant:

   a) how and through which structures the Company deals with ESG (e.g., through an ESG Committee, if and where any ESG reporting is shared with the Board and/or any Board Committees)

b) How the Company applies principles such as equal opportunities, diversity, sustainability and other CSR relevant principles in the organization and management of its human resources ("**HR**") and governance.

c) How the Company applies ESG in its activities, insofar as environmental matters are concerned. For instance, if and how the Company adopts specific standards to reduce or offset in full or in part its environmental impact.

B) As for the <u>Interaction with third parties</u>, it is relevant:

a) how the ESG and CSR principles are applied for the benefit of relevant stakeholders (e.g., investors, policyholders and shareholders) and

b) how ESG / CSR is a consideration when dealing with third parties, for instance:

   1. existing and prospective service providers, or

   2. approach towards third parties when exercising voting rights (or proxies for this purpose) associated with any instruments available to the Company;

1.3. APPLICATION

The Company implements ESG / CSR through the following:

1. **Documentation**: with the adoption of policies and procedures required under the ESG relevant legislation, regulations, guidelines or principles of best practice, and including, without being limited to:
   a) Engagement (ESG / CSR) Policy;

   b) Sustainability Risk Policy;

   c) Voting Rights Policy;

   d) Equity Investment Strategy, as defined in the Voting Rights Policy and any Investment Procedures defined by the Investment Management Team under the responsibility of the Head of Investment.

2. **ESG Framework**: where the ESG documentation is complemented by processes, controls, and activities to ensure the consistent and correct application of the ESG / CSR principles adopted for the Company and all of the funds and products it manages.

3. **Organization**, with the creation of an ESG / CSR oriented structure (including in terms of approach to HR organisation and management, training, governance) and inspired by the principles shared throughout the Azimut Group, as expressed by Azimut Holding S.p.A. (holding Company of Azimut Investments) in a specific Charter of Values ("Carta dei Valori") and recalled in Section 6 of the present ESG Policy[1].
4. **Activities**, with the possible involvement of the Company in ESG/CSR initiatives, also in line with the Azimut Group approach.
5. **Investment**, by:
   a) integration of ESG considerations in the investment strategies of the funds or products managed by the Company
   b) the creation of specific instruments available in the commercial offering of the Company (e.g., ESG focused internal funds).

2 SOURCES AND REFERENCES

1. Directive EU/2017/828 (Second **Shareholders' Rights Directive** or "**SRD II**").
2. European Union (Shareholders' Rights) Regulations 2020[2], 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[3].

[1] Original and full text available at the following link: https://www.azimut-group.com/documents/36325/1395868/ESG+in+ACTION.pdf/39bccf7d-14d6-491b-ab45-bc6ffc9cece9

[2] http://www.irishstatutebook.ie/eli/2020/si/81/made/en/pdf

[3] http://revisedacts.lawreform.ie/eli/2014/act/38/revised/en/html

6. UN Principles of Responsible Investment, 2005[4].
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)

as all may be amended, updated or supplemented from time to time.

In addition, this Policy takes into consideration the ESG principles adopted by the Azimut Group[5] and the holding company of the Group Azimut Holding S.p.A. (the "**Group ESG Documents**"), in particular, Azimut Group ESG Policy, of November 2019[6].

3 ESG – RELATED DEFINITIONS

- "ESG" means Environmental, Social and Governance;
- "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 good practices followed by investee companies which include sound

[4] https://www.unpri.org

[5] This documentation can be consulted at https://www.azimut-group.com/en/azimut-gruppo/la-politica-esg

[6] https://www.azimut-group.com/en/azimut-gruppo/la-politica-esg

management structures, employee relations, remuneration of staff and tax compliance;

- “MOP – Multi options product” means products which offer different investment options to the client;
- “Principal Adverse Impacts – PAI(s)” are those impacts of investment decisions and advice that result in negative effects on sustainability factors;
- “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.

4 GROUP GUIDELINES, POLICIES AND PROCEDURES

This Policy must be read in conjunction with the Group ESG Documents.

The Head of Compliance shall reflect any periodical updates in the above-mentioned documentation in the present Policy, thus ensuring consistency. This will also be carried out in accordance with the requirements of any laws and regulations applicable to the Company.

Should any legislation, regulations or guidelines applicable to the Company differ or imply any different requirements than the ones provided in or arising from any Group ESG Documents or Guidelines, Azimut Investments shall inform the Group Head of Compliance promptly and adopt alternative or additional measures in order to reconcile local regulatory requirements and Group Guidelines and principles to the extent possible, with the ultimate goal of ensuring compliance with the requirements of the jurisdiction where the Company operates.

5 RELEVANCE OF ESG / CSR ASPECTS

ESG/CSR have been the object of increasing attention by:

a) investors;
b) industry;
c) category associations;
d) supervisory authorities and
e) both the EU and national legislators.

It should be noted however that the ESG / CSR matters 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 the 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 publication of information in annual reports.

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

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

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

There is then a second aspect, whereby ESG / CSR 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 ESG / CSR:

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

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

1. the creation and maintenance of an ESG / CSR oriented organization, in line with the Charter of Values and the values expressed in the present ESG Policy;
2. the implementation of CSR initiatives, either initiated autonomously or as by contributing to similar initiatives promoted by the Group;
3. the integration of ESG in the commercial offer and in the investment strategy, e.g., by:
   a) considering ESG when defining and implementing investment policies for products of the Company;
   or
   b) creating or including products having a special focus on ESG within its product offer range.

6.2 VALUES

The Company adheres to the values expressed in the Charter of Values 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 investing in 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 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 matters.
   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 of Directors (the "**Board**") is responsible for the strategic guidance of the Company, and this includes responsibility for the definition of the ESG / CSR strategy. The Board is therefore responsible for the approval and periodical review of this Policy, the definition of the ESG / CSR approach of the Company 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 Chief Executive and Chief Risk Officer. The ESG Report will include information on the integration and management of sustainability risk and climate risk as part of the Company. 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[7] - 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.

The Board is also competent to discuss the implementation of the ESG investment strategy through the investment activities planned and performed.

7.2 CEO AND DESIGNATED PERSONS

The CEO and the Designated persons are responsible for the implementation of ESG / CSR across the organization. This is based on the assumption that whatever is expected of others should in the first place be respected and observed by the Company.

The CEO and each Head of Function should oversee the actual and consistent application, throughout the organization and in each respective competence area, of the values listed in Section 5 of this Policy.

7.3 DESIGNATED PERSON WITH RESPONSIBILITY FOR INVESTMENT MANAGEMENT

The Designated Person with responsibility for Investment Management is responsible to oversee the actual and correct implementation of the investment policies of funds and products, consistently with the ESG investment approach defined in the present Policy, approved by the Board.

RISK FUNCTION

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[7] See Chapter 8 (B) of Companies Act 2014, as amended by S.I. 81 of 2020

http://revisedacts.lawreform.ie/eli/2014/act/38/revised/en/html

The Risk Management Function, on an ongoing basis:

(a) monitors *ex post*, the respect of the internal targets limits established for the ESG thematic funds;

(b) prepares periodical reporting for the Board in relation to the above.

7.4 Compliance Function

The Head of Compliance:

a) ensures that the requirements descending from the ESG / CSR relevant legislation (as listed in Section 2) are up-to-date and correctly communicated to and understood by the Designated Persons and staff involved in the ESG / CSR implementation;

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 Chief Executive 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.

7.5 All Azimut Investments employees

Employees are required to cooperate in full with the implementation of the present Policy, by familiarising themselves with its content and demonstrating correct and consistent application thereof.

Employees are also required to take active part in any training programmes on ESG / CSR matters where relevant and should be aware of the most relevant pieces of legislation on the matter and as reported in the present Policy.

Employees should liaise with each respective manager if they have any concerns on the way the present policy is applied (or not applied) and, if relevant, can escalate the matter to the Chief Executive.

Any suspected breaches of the present Policy representing a possible compliance breach should be reported promptly to the Head of Compliance.

8 ESG INVESTMENT STRATEGY

As expressed in the respective ESG Policies, the Azimut Group emphasizes the importance of ESG / CSR and sustainability principles as an element to be considered in any decision on portfolio planning, construction, management and allocation.

In application thereof, the portfolio management team:

a) considers ESG as one of the factors driving investment decisions, all other factors being equal, when an ESG rating / factor can be defined based on the available tools.

b) favours one or more ESG thematic internal funds that observe determined ESG thresholds and respect pre-determined levels of ESG ratings for the underlying investments and assets, in accordance with the criteria reviewed and approved by the Board.

For these purposes, the portfolio management team avails of:

i) tools specifically dedicated to the ESG analysis for specific investment targets and

ii) the data made available by providers specialised in assigning ESG ratings (such as for example MSCI), with the aim to obtain objective and impartial information in order to calculate required ESG scores and thresholds.

Through this analysis and these ratings, the Company can monitor on an ongoing basis the expected ESG impact for single transactions and for the entire portfolio, assessing exposure and the level of ESG risk.

Sustainability of companies / targets is analysed, as well as from a financial point of view, through the 3 ESG pillars (Environmental, Social, Governance-related), also defined in various other sub-categories.

This method is based on the identification of certain key factors, in each of the 3 ESG pillars: (1) environment, (2) social; and (3) governance related, as detailed in the following sub-paragraph 9.1 to 9.5

9 METHODOLOGIES FOR THE ESG INTEGRATION INTO THE INVESTMENT PROCESS

9.1 INTRODUCTION

The ESG integration process is based on the products and services offered by MSCI ESG Research and other leading ESG data providers, 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 Investments 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.

9.2 MSCI ESG Ratings methodology

Corporate Issuers[8]

The aim of the MSCI ESG Research methodology is to assess what are the most significant ESG risks and opportunities facing an investee 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.

ESG 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.

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[8] For additional details see: https://www.msci.com/documents/1296102/21901542/ESG-Ratings-Methodology-Exec-Summary.pdf

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.

MSCI ESG Key Issue Hierarchy

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 IAS 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[9]

MSCI ESG Government ratings reflect how countries' exposure to and management of ESG 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, harness, and supplement its natural resources, and to manage environmental vulnerabilities and externalities.

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.

[9] For additional details see: https://www.msci.com/documents/1296102/34424357/MSCI+ESG+Government+Ratings+Methodology.pdf/9ef03c70-4cfb-618c-b1e6-0b3f708bd33c?t=1666194456756

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) ratings:

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

9.3 Determination of the ESG score of a Sub-Fund

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.

9.4 ESG INTEGRATION AND CONSIDERATIONS OF PRINCIPAL ADVERSE IMPACTS IN THE INVESTMENT PROCESS

ESG integration and consideration on PAIs (details in section 11.) are implemented on all Investment Products directly managed by Azimut Investments, regardless of their classification under the SFDR (Art. 6, Art.8 or Art. 9 SFDR funds).

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. ESG 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 UN Sustainable Development Goals (SDGs) alignment data available from providers other than MSCI ESG Research, in addition to the analyses performed internally by the Portfolio Management team.

9.5 RISK MANAGEMENT OVERSIGHT

The Risk Management function of Azimut Investments has implemented in the pre- and post-trade investment compliance systems the rules to ensure the Investment Products' compliance with the:

- exclusion list (details in section 10);
- additional and more stringent limits applicable to Art. 8 or Art. 9 SFDR Investment Products (details in section 13).

Additionally, to support the Portfolio Management function, the Risk Management function produces for the Sustainability Committee, the Chief Investment Officer and for the Investment Committee reports to monitor:

- the current value and evolution of ESG ratings (at aggregate and pillar level) for each Investment product;
- *ex-post* compliance with the ESG limits;
- the exposure to the individual ESG risk factors;
- compliance with ESG limits established;
- PAI values.

10 Exclusion List

Azimut Investments 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 Investments defines and updates at least on a semi-annual basis a list of companies that are considered as unsustainable.

Azimut Investments 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 Investments relies on data from MSCI ESG Research to obtain information about the proportion of annual turnover that is derived from these activities.

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

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

The Exclusion List applies to all Investment Products directly managed by Azimut Investments.

11 CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS (PAIS)

PAIs should be understood as the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-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 Investments 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

11.1 Process for the consideration of PAIs

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

- The **first** is through the integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts (in absolute terms and/or in relation to their industry) due to higher standards/better operating practices.
- The **second** is through the application of the Exclusion List, which prohibits investment in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks. The exclusion of the issuers that are most likely to generate adverse impacts on sustainability factors helps to reduce the PAIs at portfolio level.
- The **third** way is through active ownership. As Azimut Investments 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.
- The **fourth** way is through fund and ETFs selection, which seeks to favour, where possible and if available, funds and ETFs that are classified as Financial Products ex art. 9 SFDR or, as a second choice, Financial Products ex art. 8 SFDRs (not precluding the possibility of holding Art. 6 SFDR funds and ETFs in the portfolio as well). The greater the weight of funds and ETFs classified as Art. 9 or 8 SFDR, the greater the containment of PAIs is expected to be.

Azimut Investments constantly monitors PAIs data through an ad-hoc tool where PAI 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. Portfolio managers, 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 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. Portfolio managers therefore make 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.

12 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 Investment Product.

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 9.1 of this Policy, it is indicated that ESG ratings 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 Research 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 Investments are minimised and not material as a result of ESG integration, consideration of PAIs and the application of the Exclusion List.

13 ADDITIONAL DISCLOSURES FOR EX-ARTICLE 8 SFDR FUNDS

13.1 INTRODUCTION

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

- how an Investment Product promotes environmental and/or social characteristics;

- the minimum percentage of the Investment Product's assets that have 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 Pre-Contractual Disclosures of the ex-Art. 8 Investment Products, if any, can be found in the annexes to the Prospectus of each Investment Product managed by Azimut Investments. Additional information could also be found in the website disclosures, available in the web page "Sustainability-related disclosures" on the Azimut Investments website.

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 Investments considers PAIs for all the funds it manages, we have elaborated on how Azimut Investments considers PAIs, and how they can be mitigated (additional details in Section 12 of this Policy).

13.2 Strategies for the promotion of environmental and/or social characteristics

Azimut Investments implement the following activities to promote environmental and/or social characteristics.

ESG Integration

ESG scores on each individual investment is 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 Azimut Investments favours financial products classified ex-Art. 9 or ex-Art. 8 SFDR.

Additional details are provided in Section 10 of this Policy.

Exclusion list

Azimut investments 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 11 of this Policy.

Active ownership

Azimut Investments 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 Section 14 of this 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 Investments 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 12 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.

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

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

1. a measured positive contribution generated by each investment to an environmental or social objective;
2. that such investment does not significantly harm any of those objectives (Do Not Significantly Harm principle, hereinafter "DNSH") through the consideration of indicators for adverse 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;
3. investee companies must follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Azimut Investments uses the MSCI ESG Research methodology to assess the conditions 1 and 2 above and a combination of data from MSCI ESG Research and other leading ESG data providers to assess condition 3, according to the following rules:

Positive contribution: as determined by Azimut Investments, companies generating at least 20% of their revenues from products or services contributing to one or more social or environmental objectives are considered as having a positive contribution on such objectives. From the perspective of targeting an environmental objective, the methodology includes activities focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry and land resources. Activities focused on social objectives include access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries. Accordingly, the methodology uses revenue data to capture positive contribution across both environmental and social objectives.

DNSH: The methodology considers a subset of the PAIs on the sustainability factors and the alignment with the OECD Guidelines for Multinational Enterprises and UN Global Compact (UNGC) Principles, as criteria for avoiding harm and meeting minimal social safeguards.

Good governance practices: The assessment of good governance practices, which include sound management structures, employee relations, remuneration of staff and tax compliance, is a central pillar of the investment process adopted by Azimut Investments Limited and it is based on the assessment of investee companies (by leading ESG research providers) against the rules of conduct aligned to international best practices and by the consideration of all stakeholder’s interests, as well as the remuneration policy of the investee company.

Azimut Investments Limited uses a proprietary methodology to perform this analysis, which is based on governance scores from leading ESG data providers, which can be adjusted based on the assessments made by the portfolio management team of Azimut Investments Limited. The scores on the governance pillar are then standardized through a Z-scoring, and the issuers with a Z-score equal to or less than -2 are excluded.The criteria used is based on Governance raw data sourced from the following providers: ISS, MainStreet Partners, Morningstar Sustainalytics, MSCI. In particular, the list of raw data used in our methodology is the following: a) “Governance Rating Numeric” from ISS ; b) “Governance Rating” from MainStreet Partners ; c) “Governance Risk Score” from Morningstar Sustainalytics ; d) “Governance Pillar Score” from MSCI. Since each provider uses a different “scale” for their scores, in order to maintain a methodological consistency, it has been deemed appropriate to apply a standardization via Z-scoring the data. The main advantage of this feature scaling technique is that, by scaling each variable based on its own mean and standard deviation, it makes them comparable to each other and allows the Z-score to have an intuitive interpretation as the number of standard deviations away from the mean. Except for “Governance Risk Score” from Morningstar Sustainalytics, for which it holds the contrary, the other three data providers have a scale whose minimum value represents “worst governance” and the maximum “best governance”, therefore, it is necessary to invert the sign of the z-score computed for Morningstar Sustainalytics data. After computing the z-score for each provider, the scores are averaged (giving a weight of 25% to each provider: 100% divided by the number of providers used) to obtain the “Average Governance Z-score”. Since the latter is not centered on its mean and has not a standard deviation of one (it is not a Z-score itself), it is scaled by subtracting its mean and dividing by its standard deviation, obtaining the final indicator: “Azimut Internal Governance Z-score”. Companies whose “Azimut Internal Governance Z-score” is below the threshold of -2 (namely a value lower than 2 standard deviation on the left of the mean) cannot be part of the investment universe for funds ex Art. 8 SFDR.

Moreover, in addition to the governance score detailed above, investee companies marked with a red flag by the MSCI ESG Manager Platform (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.

Furthermore to the criteria set out above, Azimut Investments 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.

13.4 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 Investments’ Investment Products directly managed by Azimut Investments 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;

Companies whose “Azimut Internal Governance Z-score” is below the threshold of cannot be part of the investment universe and 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.

Any breaches of this Policy will be rectified as soon as reasonably practicable. If an Azimut’s Fund holds positions in a company that is subsequently added to the ESG exclusion lists or such positions subsequently breach the SFDR Restriction Limits as set out in this Policy, the fund will exit such positions as soon as reasonably practicable and, in any event, no later than four weeks after the detection of the breach – subject to trading considerations and limitations. Such limitations may arise due to events outside Azimut’s control, like market holidays, regulatory constraints (including sanctions amongst other reasons), exchange actions (including limit up/down and trading suspension) and/or corporate actions that have changed the composition of the company or of its activities. They may also arise due to Azimut’s obligation to abide by the fund’s prospectus, the fund’s investment guidelines and/or the firm-wide internal policies that take precedence and have binding requirements. Finally exceptional circumstances may arise due to Azimut’s overarching obligation to act in the best interest of its investor, especially during market turbulence and/or low liquidity situations. In such situations, where the disposal of an existing position that is found to contradict the ESG policy, the timeframe may be extended to allow for an orderly sale that does not harm the value of the position.

14 ACTIVE OWNERSHIP

Azimut Investments recognises that sound corporate governance is critical to improving the value of its equity investments, so Azimut Investments exercises its voting rights in the best interests of its clients with the aim of improving and promoting long-term value creation in the investee companies, as well as monitoring and engaging with companies to improve their ESG standards and implement sustainable business practices.

Companies that adopt strong sustainability and governance policies are more likely to be successful in the long run, better protect the interests of all their stakeholders, be better positioned to address financial and non-financial risks (ESG risks) and seize business opportunities associated with sustainability challenges.

Since Azimut Holding (Azimut Investments’ parent company) is a signatory to the United Nations PRIs, Azimut Investments seeks to encourage positive governance practices and environmental, corporate, and governance behaviours through proxy voting, engagement with management, and participation in industry surveys and events. For this purpose, Azimut Investments has retained Institutional Shareholder Services, Inc. (hereafter "ISS"), an independent third-party proxy voting service provider, and has subscribed to ISS's "Sustainability Policy" specifically designed for PRI signatories.

14.1 GUIDELINES AND PRINCIPLES

Azimut Investments carries out its duties as a responsible investor by:

- Preferring companies with high ESG scores, integrating ESG factors into the investment analysis and decision-making processes, as detailed in this Policy;
- Engaging in a constructive dialogue with investee companies on financial, governance, environmental and social issues;
- Exercising voting rights in AGMs and EGMs to ensure strategic resolutions are made in the best interest of investors, to promote high standards of corporate governance and practices, and to ensure that sustainability issues are thoroughly considered;
- Maintaining a regular, systematic and direct contact with the top management of investee companies with the aim of improving their practices and implementing sustainable business practices.

Azimut Investments aims to exercise its voting rights at all shareholders' meetings, focusing in particular on the following matters: composition and independence of the board of directors, accuracy and transparency of reports and accounts, compensation, protection of shareholders rights, dividend sustainability, auditor independence, non-financial performance and key ESG risks, environmental and social impacts, etc.

14.2 Exercise of voting rights

ISS provides Azimut Investments with a comprehensive analysis of the proxy proposals, recommendations on how to vote each proxy proposal based on the ISS Sustainability Policy. ISS voting recommendations are monitored by the Portfolio Management team of Azimut Investments.

In almost all cases, proxies will be voted in accordance with the ISS recommendation, but Azimut Investments reserves the right to override the advice received by ISS if deemed in the best interest of investors.

14.3 Mitigation of Principal Adverse Impacts

Through the exercise of voting rights in AGMs and EGMs, shareholders have the opportunity to shape the course of companies' development, and to influence the performance of executive directors.

Voting at meetings on resolutions in accordance with guidelines aligned with the UN's PRI allows Azimut Investments to incentivize investee companies to improve their ESG standards and implement sustainable business practices, thereby contributing to minimizing investee companies' principal adverse impacts on sustainability matters.

The exercise of the voting rights thus enables Azimut Investments to effectively help in reducing PAIs.

Additional details on the voting activity can be found in the Voting Rights Policy.

15 REVIEWS AND UPDATES

This Policy will be reviewed at least annually by the Head of Compliance and submitted to the Board for approval to ensure compliance with legal and regulatory requirements as well as with any recommendations for Compliance framework 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 the Central Bank of Ireland, 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, requested by any Director or Head of Compliance, the Policy will be deemed renewed in its current version.