Synthesis of the Sustainability Policy

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Index

1. Introduction 1  
2. Eurizon’s commitment to the sustainability of financial services 2  
   2.1. Endorsement of the United Nations’ Principles for Responsible Investment 2  
   2.2. Endorsement of the Italian Stewardship Principles 3  
   2.3. Endorsement of Eurosif 4  
3. Roles and responsibilities in the process to select and monitor ESG and SRI criteria 4  
4. Scope of application 6  
5. Process to integrate sustainability risks in the Managed Assets Investment Process 7  
6. Screening process for the target UCIs of third-party fund houses related to SRI and ESG factors 8  
7. Screening Process of Alternative Investment Funds (AIFs) of the ITER Range 9  
8. Investments in EU government issuers 10  
9. Management mandates to third-party fund houses 11  
10. Eurizon ESG Score 11  
11. Main negative effects on the Sustainability of Investment Choices 12  
12. Integration of Sustainability Risks in Remuneration and Incentive Policies 13  
13. Policy review and publicity 13  
14. Reporting 13
1. Introduction

As a financial markets participant and financial advisor, Eurizon Capital SGR ("Eurizon Capital SGR" or "Company") has a fiduciary commitment with its Clients and Investors and, more in general, with other stakeholders, that requires problems 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 Company 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 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 Regulation”) 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 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 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 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 Article 4 of the SFDR Regulation and the related implementing regulations;
- **Sustainability risks** in its Remuneration and Incentive Policy, pursuant to Article 5 of the SFDR Regulation.

1 - Financial market participants publish information on their websites 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 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 - Financial market participants and financial advisors include in their remuneration policies information about how those policies are consistent with the integration of sustainability risks and post that information on their websites.
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 shown 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:

2.1. Endorsement of the United Nations’ Principles for Responsible Investment

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;
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 Company is required to provide transparent information each year on its responsible investment activities by preparing a “RI Transparency Report”, available on the website www.unpri.org.
2.2. Endorsement of the Italian 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 Company pays particular attention to the policies implemented by the issuers, stimulating discussions with companies in which it invests.

In this context, the Company:

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; exercises voting rights concerning financial instruments of managed portfolios and UCIs with a mindful approach;
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 Company to encourage engagement with the issuers it invests in, integrating its own commitment to the investment strategy, in a capacity as shareholder, the Company has defined its own “Engagement Policy”, adopted also in accordance with Art. 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, the Company has also produced the “Strategy for exercising participating and voting rights concerning the financial instruments of managed UCIs” 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 Company 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 Company provides information on these documents at www.eurizoncapital.com.
2.3. Endorsement of 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 - a pan-European organisation that promotes 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 Company 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.

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 Sustainable and Responsible Investments Committee Investments (hereinafter also “SRI Committee”) (i) the methodologies for selecting and monitoring financial instruments in order to integrate the analysis 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.

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

**CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER**
Formulates, with the support of the SRI 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 of the main negative effects of investment decisions on sustainability factors, including (i) identification
of priorities and related mitigation actions and (ii) the “Principal Adverse Sustainability Impacts Statement”, and (iii) integration of sustainability risks in remuneration and incentive policies. Periodically monitors, within the SRI Committee, the implementation of the SGR Sustainability Policy, making use of the reports prepared by the ESG & Strategic Activism Structure.

**SUSTAINABLE AND RESPONSIBLE INVESTMENTS COMMITTEE**
The Sustainable and Responsible Investments 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 and comparison with participated companies. Moreover, the Committee (i) monitors, taking into account the available data, the final balance of the main environmental, social and governance indicators relating to the 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 SRI Committee uses the support of 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 Long-Term Sustainable Strategies structure with the support of the Risk Management Function and (ii) monitors the possible actions to mitigate the negative effects connected with investment decisions.

**SUSTAINABILITY COMMITTEE**
The Company 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, in consideration of the ethical principles that inspire the management activity, the Company avails itself of the collaboration of the Committee to ensure management choices comply with the ethical principles indicated in the Regulations. The Committee is independent and autonomous in relation to the Company and is made up of individuals with recognized integrity and morality. Finally, the Committee collaborates with the company structures 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 Company and (ii) prepares proposals for the Board of Directors to identify charitable organisations deemed worthy.

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

**LONG TERM SUSTAINABLE STRATEGIES**
The Long Term Sustainable Strategies structure of the Investments Department, under the coordination of the Head of Investment Solutions, monitors corporate issuers, also assisted by info providers.
4. Scope of application

This Policy applies to all managed products - mutual funds and portfolio management - that, in precontractual disclosure:

- explain the procedures for including sustainability risks in investment decisions, in compliance with the transparency requirements in Art. 67 of Regulation (EU) 2019/2088;
- promote, environmental or social characteristics among other, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, pursuant to Art. 8 of Regulation (EU) 2019/2088;
- have sustainable investment objectives pursuant to Art. 9 of Regulation (EU) 2019/2088.

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 instrument.

7 - Participants in financial markets include the description given below in precontractual disclosure:

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.

8 - 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.

9. 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.

9.1. Where a financial product has a reduction in carbon emissions as its objective, the information to disclose (omission) shall include the objective of low carbon emission exposure in view of achieving the long-term global warming objectives of the Paris Agreement.

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.
5. Process to integrate sustainability risks in the Managed Assets Investment Process

In line with Principle PRI No.1 and the obligations envisaged in Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector, the Company has defined specific methodologies to select and monitor financial instruments aiming at integrating sustainability risks in the Managed Assets Investment Process. The sections below describe the safeguards adopted by Eurizon Capital SGR, in line with the following SRI/ESG strategies:

**SRI EXCLUSIONS OR RESTRICTIONS:**
issuers operating in sectors considered “not socially 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 (with the exception of those that specifically integrate ESG factors) and index-linked products, the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark; issuers operating in sectors considered “not socially responsible” are companies with an evident, direct involvement in the manufacture of unconventional weapons (Anti-personnel mines; Cluster bombs; Nuclear weapons; Impoverished uranium; Biological weapons; Chemical weapons; Non-detectable fragment weapons; Blinding lasers; Incendiary weapons; White phosphorous) or in the thermal coal sector;

**INTEGRATION OF ESG FACTORS:**
the integration of ESG factors in the analysis, selection and construction of managed portfolios with the aim of creating portfolios with an ESG score higher than that of the investment universe (“ESG integration”) and that respect good governance practices; this category also includes the process of selecting the investments of Ethical and Thematic Funds, based on specific positive and negative criteria;

**ESG EXCLUSIONS OR RESTRICTIONS:**
“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 managed assets (“ESG Binding screening”); the exclusions are applied to all active management products, while in the case of Limited Tracking Error products (with the exception of those that specifically integrate ESG factors) and index-linked products, the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark;

**CARBON FOOTPRINT:**
the integration of procedures to measure the carbon dioxide (CO\(_2\)) emissions generated by issuers, in order to create portfolios with a carbon footprint below that of the investment universe;

**IMPACTING INVESTMENTS:**
methodologies to select investments aiming at generating a social or environmental impact together with a measurable financial return;

**ACTIVE OWNERSHIP - ENGAGEMENT:**
promotion of proactive engagement with issuers by exercising participating and voting rights, and engagement with investees, encouraging effective communication with the management of companies.

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10 - Issuers established in countries that adhered to the Treaty on the Non-Proliferation of Nuclear Weapons signed on 1 July 1968 are not considered
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 integrates the financial analysis of the UCIs, analysing 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 Art. 6 of SFDR Regulation;

- the investment policies of individual UCIs, verifying:
  - the promotion, among other characteristics, of environmental or social characteristics, or a combination of those characteristics, as well as compliance with good governance practices, pursuant to Art. 8 of SFDR Regulation;

- the adoption of sustainable investment objectives, pursuant to Art. 9 of SFDR Regulation;

- the presence of 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.
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 “ITE range”, whose management is delegated to the subsidiary Eurizon Capital Real Asset SGR S.p.A..

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

**SRI exclusions**, aimed at avoiding investment in companies operating in sectors that are not “socially 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 programs specifically designed to illegally allow access to electronic networks or the downloading of data in electronic format;
- research and development of programs, 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-provider specialized in carrying out assessments on sustainability, the Company 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;

**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 “ITE 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.
8. Investments in EU government issuers

With regard to bonds the Company considers the instruments issued or guaranteed by an EU member state, by its local entities or by public international bodies comprising EU member states as conforming to ESG criteria. The Company acknowledges the relevance given by the European Union to sustainability in its own financial policies, which aims to encourage a sustainable and oriented towards a longer-term horizon growth.

In this context, the European Union considers environmental, social and governance factors an integral part of its own economic development process. For this purpose, it promotes projects with a perspective that is:

- **Environmental**, to develop an efficient growth strategy in terms of resources, to offset climate change and environmental degradation, as well as transform environmental issues into opportunities and ensure a transition that is fair and inclusive (“green deal”); this type of project includes initiatives for the transparency of risks connected with ESG factors that may have an impact on the financial system (including the formulation of criteria for a common taxonomy on sustainability), and the mitigation of risks through an adequate governance of financial intermediaries and companies;

- **Social**, to fund social projects in order to tackle issues concerning respect for human rights (reducing inequalities and improving inclusivity), the fight against corruption and the introduction of common standards on labour law (promoting a reduction in salary gaps, gender diversity and introducing forms of worker protection);

- **Governance**, to improve the governance of public and private institutions, with specific reference to the governance mechanisms of companies, employee relations and remuneration policies; in this regard, reference is made - in particular - to initiatives to consolidate the transparency of companies (“non-financial reporting”).

The European Supervisory Authorities are moving in this direction, to assist banks, insurance undertakings and asset management companies in promoting the development of “action pans for funding sustainable growth” and reducing risks for financial stability.
9. 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 Company 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.

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 aggregation of scores, attributed on a standardised scale, referring to the following 2 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”;

**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 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.

13 - The score is related (negatively) to ESG risks and (positively) to the company’s ability to manage them effectively.
14 - The score is positively correlated to the company’s ability to generate sustainable revenues.
11. Main negative effects on the Sustainability of Investment Choices

Pursuant to the provisions of art. 4 of the SFDR Regulations, 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 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.

In particular, Eurizon gives importance to the following sustainability issues:

- **involvement in sectors considered not “socially responsible”**; in this regard, Eurizon promotes the respect for human rights, providing for specific restrictions aimed at avoiding investments leading to an evident direct involvement in the manufacture of unconventional weapons;

- **exposure to environmental issues**; in particular, Eurizon promotes the reduction of carbon dioxide emissions, through (i) the adoption of exclusion criteria, aimed at avoiding exposure to issuers characterized by an evident direct involvement in mining or electricity production activities related to thermal coal and (ii) the promotion of specific products that integrate methods of measuring emissions generated by investee companies (so-called “Carbon Footprint”) or that aim to generate a positive environmental impact in addition to the financial return (so-called “Impact Investing”);

- **exposure to high corporate governance risks**; to this end, Eurizon promotes (i) the activation of escalation processes with regard to issuers characterized by a clear exposure to sustainability risks and (ii) the adoption of good governance practices, such as the presence of independent members in the administrative body, the absence of accounting investigations, bankruptcy or liquidation procedures, or procedures of controlled administration, bankruptcy protection or liquidation.

For these reasons, the evaluation of the main negative effects determined by investments represents a significant aspect of Eurizon’s 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 customers.

The Company identifies and prioritizes the main environmental, social and governance indicators 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.

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15 - 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.
12. Integration of Sustainability Risks in Remuneration and Incentive Policies

The Company’s Remuneration and Incentive Policies take into consideration sustainability risks pursuant to art. 5 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 mechanism”) which provides for the comparison between the “sustainability rating” of the portfolios managed (i.e. weighted average ESG score) and the “sustainability rating” of the portfolios managed. 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) in accordance with the methods described in Paragraph 5.3 “Integration of ESG factors (ESG Integration)”.

13. Policy review and publicity

The Company’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.

14. Reporting

In compliance with indications in applicable regulations, the Company 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.

16 - Pursuant to Article 5 of the SFDR, “Financial market participants and financial advisors shall include in their remuneration policies information on how such policies are consistent with the integration of sustainability risks and shall publish such information on their websites.”
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