

Statement on principal adverse impacts of investment decisions on sustainability factors

Version 1.1

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Financial market participant: Mediolanum International Life dac

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1. Summary

This Principal Adverse Impact (“PAI”) Statement outlines how Mediolanum International Life dac (“MIL”) considers principal adverse impacts (“PAIs”) of its investment decisions on sustainability factors on behalf of its Products (“Insurance Product/internal funds) and their underlying investments. MIL has appointed Mediolanum International Funds Ltd. (“MIFL”) as its investment manager. MIFL provides discretionary portfolio management services to MIL. This statement on the principal adverse impacts of investment decisions on sustainability factors covers the reporting period from 1 January 2022 to 31 December 2022.

The main negative effects in relation to the financial instruments in which MIL invests are taken into account at entity level through the monitoring of the indicators outlined in the regulatory technical standards (Reg. of the 2022 / 1288) supplementing 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 (the “SFDR”). MIL considers both mandatory indicators and two additional voluntary indicators as proposed by the regulations.

The consideration of the negative effects of investments on sustainability factors is described in MIL’s Responsible Investment policy - available [here](#).

2. Description of the principal adverse impacts on sustainability factors

MIL is aligned with the approach of MIFL, its appointed investment manager, which aims to mitigate the negative impacts of its investment decisions on sustainability factors by considering PAIs as part of the investment process. PAIs are impacts of investment decisions that result in negative effects on sustainability factors (i.e., environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters) — even if they do not affect the value of an investment.

MIL considers it necessary to assess the negative effects on sustainability factors generated through its investment management activities and has therefore adopted safeguards and measures based on data and information currently available.

This section presents data on the negative impact of MIL's investments on sustainability factors for the period from 1 January 2022 to 31 December 2022. The publication of this data will be updated annually.

MIL considers sixteen mandatory PAI indicators against which investment portfolios are measured, as well as two additional indicators: the first additional voluntary indicator, which has an environmental focus, measures the share of investment in companies without carbon emission reductions (Table 2, indicator 4); the second additional indicator, which has a social focus, concerns the share of investments in companies that lack a human rights policy (Table 3, indicator 9).

With reference to the available data, MIFL working with the Banca Mediolanum Markets and Insurance Assets Unit, monitor the PAI indicators of the Company's products using the information provided by MSCI ESG Manager an external provider. A look-through calculation is completed every quarter for the 18 PAIs (both mandatory and additional PAIs), across all MIL products.

MIL will align its reporting with the EU regulatory requirements as outlined under the SFDR and the SFDR RTS Level 2 Measures. The table below includes all the mandatory and the selected additional SFDR PAI metrics as published under Annex 1 of the SFDR RTS Level 2 Measures.

The following data represents the aggregation of values relative to each security invested by the entity.

These tables will be updated annually by 30 June to include quantitative information at the individual entity level, and in accordance with the SFDR RTS Level 2 Measures.

Table 1

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact (year n)¹	Impact (year n-1)²	Explanation³	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	269,740.17	N/A	N/A	<p>MIL has assessed the Investment Manager’s approach to PAI in its investment process and is aligned with its action on this PAI.</p> <p>Engagement The Investment Manager has prioritised the monitoring of 3 SDGs to which this PAI is mapped and it engages with underlying managers or investee companies, with the aim of delivering change over time.</p> <p>Proxy Voting</p>
		Scope 2 GHG emissions	33,612.67	N/A	N/A	
		Scope 3 GHG emissions	1,445,770.29	N/A	N/A	
		Total GHG emissions	1,749,123.13	N/A	N/A	

¹ MIL has started measuring performance on Principal Adverse Impact as of 1 December 2021. The final results will be published on or before 30 June 2023.

² MIL has started measuring performance on Principal Adverse Impact as of 1 December 2021. The final results will be published on or before 30 June 2023. 2024 will be the first year reflecting a comparison to a previous year.

³ This column will provide an explanation on the development of the specific principal adverse impact indicator against the different reference periods, in relation to actions taken.

						The Investment Manager has tailored its voting policy in line with its climate-oriented SDGs.
	2. Carbon footprint	Carbon footprint	702.37	N/A	N/A	<p>MIL has assessed the Investment Manager’s approach to PAI in its investment process and is aligned with its action on this PAI.</p> <p>Engagement The Investment Manager has prioritised the monitoring of 3 SDGs to which this PAI is mapped and it engages with underlying managers or investee companies, with the aim of delivering change over time.</p> <p>Proxy Voting The Investment Manager has tailored its voting policy in line with its climate-oriented SDGs.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,184.11	N/A	N/A	<p>MIL has assessed the Investment Manager’s approach to PAI in its investment process and is aligned with its action on this PAI.</p> <p>Engagement The Investment Manager has prioritised the monitoring of 3 SDGs to which this PAI is mapped and it engages with underlying managers or investee companies, with the aim of delivering change over time.</p> <p>Proxy Voting The Investment Manager has tailored its voting policy in line with its climate-oriented SDGs.</p>

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.83%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis of the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
	5. Share of non-renewable 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 of total energy sources	73.90%	N/A	N/A	<p>MIL has assessed the Investment Manager’s approach to PAI in its investment process and is aligned with its action on this PAI.</p> <p>Engagement The Investment Manager has prioritised the monitoring of 3 SDGs to which this PAI is mapped and it engages with underlying managers or investee companies, with the aim of delivering change over time.</p> <p>Proxy Voting The Investment Manager has tailored its voting policy in line with its climate-oriented SDGs.</p>
	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 (A)	0.53	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
Energy consumption in GWh per million EUR of revenue of investee companies,		13.49	N/A	N/A		

		per high impact climate sector (B)				
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (C)	0.89	N/A	N/A	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (D)	5.82	N/A	N/A	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (E)	1.41	N/A	N/A	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (F)	0.61	N/A	N/A	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (G)	0.09	N/A	N/A	

		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (H)	2.62	N/A	N/A	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (L)	0.35	N/A	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.19%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1,786.79	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	80.19	N/A	N/A	<p>MIL has assessed the Investment Manager’s approach to PAI in its investment process and is aligned with its action on this PAI.</p> <p>Engagement The Investment Manager has prioritised the monitoring of 3 SDGs to which this PAI is mapped and it engages with underlying managers or investee companies, with the aim of delivering change over time.</p> <p>Proxy Voting The Investment Manager has tailored its voting policy in line with its climate-oriented SDGs.</p>
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
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	0.66%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
	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	22.12%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL

		Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				will consider quantitative targets and actions relating to this PAI.
12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.51%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31.54%	N/A	N/A	MIL has assessed the Investment Manager's approach to PAI in its investment process and is aligned with its action on this PAI. Engagement The Investment Manager monitors this PAI and engages with underlying managers or investee companies, with the aim of delivering change over time.
14.	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical	Share of investments in investee companies involved in the manufacture	0.04%	N/A	N/A	Exclusions Policy The Investment Manager has implemented an exclusion policy that applies to both direct investments and its delegated

	weapons and biological weapons)	or selling of controversial weapons				managers. This policy is in line with the Italian legislation - Law 9 of 2021 December, n.220 - approved by the Italian Parliament and entered into force on 1 January 2023. As subsidiaries of an Italian banking group, the Investment Manager and MIL are obliged to comply with this legislation. The objective of the exclusion policy is to prohibit investments in companies involved in the financing, production, use, sale, distribution, import, export or transfer of anti-personnel mines, munitions and cluster munitions. While this implementation does not impact calendar year 2022 due to the implementation date of 31 December, we anticipate an improvement of this metric for subsequent years as a result.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG Intensity	GHG intensity of investee countries	548.03	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	7.75	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.
		Share of investee countries subject to social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	6.74%			
Indicators applicable to investments in real estate assets⁴						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil Fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or	N/A	N/A	N/A	Not applicable given investment universe of the products .

⁴ PAI 17 - Exposure to fossil fuels through real estate assets and PAI 18 - Exposure to energy-inefficient real estate assets were considered to not apply to MIL.

		manufacture of fossil fuels				
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Not applicable given investment universe of our products.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	19.98%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	9.69%	N/A	N/A	MIL is monitoring this PAI since December 2021 and compiling analysis to the materiality of our portfolio on this PAI. MIL will continue monitoring to the end of the second reference period. Based on the analysis across the reference periods, MIL will consider quantitative targets and actions relating to this PAI.

3. Other indicators for principal adverse impacts on sustainability factors

In line with (i) the values and priorities expressed by MIL in terms of sustainability in section 4.2, (ii) the negative effects of investments, and (iii) having regard to the mandatory indicators made available by the technical standards in force, MIL has chosen the indicator "Investments in companies without carbon emission reduction initiatives" (Table 2, indicator 4) under "additional climate and other environment-related indicators" and "Lack of a human rights policy" (Table 3, indicator 9) under "Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters.

MIL has not chosen any more additional indicators at this time.

4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The Policy for Products and Responsible Investment sets out the framework by which MIL integrates sustainability risks into its decision-making process and how the PAIs of investment decisions on sustainability factors are considered. The Policy for Products and Responsible Investment was drafted and approved by the Board of Directors of MIL in June 2023 and will be reviewed annually.

4.1 Governance of policies

The MIL Board has ultimate responsibility for sustainability-related policies. MIL Board last approved its Policy on Sustainability in June 2023. A Policy for Products and Responsible Investment was also approved at the June Board. Both policies are subject to review by the Board annually.

MIL has appointed MIFL as its investment manager. MIFL provides discretionary portfolio management services to MIL. MIL as the Manager oversees the investment management process which is delegated to MIFL. Through the governance framework which is in place between MIL and MIFL (including SLA, Investment Guidelines, and due diligence, KPI monitoring); MIL is overseeing and conducting an on-going due diligence to ensure MIFL, as the Investment manager has sufficient processes in place (including the area of responsible investment) and monitors it through the regular reporting received from MIFL in this regard.

The MIFL Investment Committee provides the management oversight of the implementation of MIL's policies on sustainability. The MIFL Investment Team implements its Responsible Investment Policy, which is in line with the MIL Policy for Products and Responsible Investment. The Compliance Team implements Trade Compliance Monitoring for ESG binding restrictions for MILs Article 8 and 9 Products. The Risk team provide further support in monitoring and assessing sustainability risks. Finally, the Internal Audit Team will carry out periodic audit reviews of the Policy for Product and Responsible Investment and Sustainability Policy.

4.2 Methodologies used for selecting PAI indicators

MIL's approach to monitoring of PAIs follows Annex 1 of the SFDR RTS Level 2 Measures which set out the mandatory indicators which must be used to measure the principal adverse impact of investment decisions on sustainability factors together with a selection of additional optional indicators that can be chosen.

MIL monitors sixteen applicable mandatory indicators relating to greenhouse gas emissions, biodiversity, water, waste, social and employee matters, indicators which are applicable to investments in investee companies and indicators applicable to investments in sovereigns and supranationals as outlined under section 2 above. In addition, MIL has selected two additional indicators, one environmental and one social as outlined under section 3 above. MIL's approach to selection of the additional voluntary indicators (one climate and one social) is in line with the approach of MIFL and the wider Mediolanum Group, in assessing the potential list based on MSCI coverage. This narrowed the selection from 22 to 6 climate and from 24 to 20 social. Under guidance from MIFL's ESG team, the selection was reviewed and they made a recommendation to the MIL team who reviewed the proposal. The rationale for the selection of the additional voluntary PAI is as follows:

Investments in companies without carbon emission reduction initiatives: to support the transition to reach net-zero greenhouse gas emissions by 2050 or sooner, it is critical for companies to set decarbonisation targets and plans. MIL expects this to become a minimum standard for companies, especially those in climate-critical sectors.

Lack of a human rights policy: human rights are foundational to society and investments companies that are found to be involved in severe human rights issues and incidents should be subject to heightened scrutiny.

Final approval was provided by the MIL Board of Directors.

MIL is aligned with MIFL, in its decision to prioritise three environmental-oriented United Nations Sustainable Development Goals ("SDGs") (SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action) to assess its assets under management with the aim of seeking improvement in the long term. MIFL has aligned its Proxy Voting policy in line with these SDGs and also engages with its Delegate Managers on these SDGs. While setting its own targets, MIL has reviewed and is aligned with MIFL's approach to prioritised PAI.

For engagement with its Managers, MIFL has mapped 5 PAIs to measure its impact on the 3 prioritised SDGs. In addition, MIFL has chosen a sixth indicator, PAI 13 - Board Gender Diversity. Although not linked to MIFL's focus on the three SDGs, MIFL believe it is an important area where it can influence change. MIFL engages with underlying fund managers and companies in direct investments with the aim of delivering improvement across these six PAI over time.

MIL aims to manage the risk connected to potential adverse sustainability impacts from its Products by monitoring and evaluating the range of PAIs outlined under sections 2 and 3 above. MIL monitors the look-through calculation completed each quarter for the 18 PAIs (both mandatory and additional PAIs), across all MIL products. These calculations are produced by its investment manager MIFL working with the Markets and Insurance Assets Unit, using the provider MSCI ESG Manager.

MIFL takes its prioritised PAI into account in its due diligence procedures for the selection and ongoing monitoring of investments, through various methods ranging from reduction of emissions thresholds, voting and engagement, and other planned actions. The Investment Team and sub-investment groups will use the reports for consideration within the investment process to make an overall assessment of potential concerns, as the basis for engagement with companies or managers.

4.2.1 ESG framework - Internal portfolio management by MIFL

MIFL's Internal Portfolio Management ("Single Securities") team does not currently manage ESG-specific, exclusionary or impact funds, but takes a number of measures to ensure its process integrates ESG criteria throughout MIFL's stock selection and portfolio construction process. The Single Securities framework, like the multi-manager approach, will focus on SDGs 7, 12 and 13 using the prioritised PAI chosen, as well as PAI 13 - Gender Board Diversity. This underpins MIFL's engagement with companies, reinforcing its commitment to focus on issues such as climate change and green energy in line with the Mediolanum Group principles, along with other ESG issues and PAI metrics. The net result of this should benefit all of society: reduced carbon emissions and better waste management mean less pollution and a healthier environment. In addition, better labour standards and awareness of human rights, benefits employees, customers and the supply chain alike; and improved controls at a governance level help instil confidence in management and avoid the costs associated with corruption and litigation.

4.2.2 ESG framework – Fixed income

In line with MIFL's Responsible Investment Policy, the MIFL Fixed Income Single Securities Team incorporate PAI considerations into the investment process. This is achieved in various ways, through a combination of ESG integration and thematic investing. The team monitor the PAI metrics of the funds on a regular basis, including the metrics in the monthly sub-investment committee meeting. The team monitor the PAI levels at a fund level, and intra-fund basis, by examining the biggest drivers of the metrics at a sector and security level. In addition to this (where possible), the team will incorporate PAIs on an individual entity level when proposing a new issue for the fund. The notation "where possible" is included as the majority of the PAI metrics are currently only measurable for corporate bonds. However, the addition of PAI 15, GHG Intensity (sovereign only ratio), helps to include sovereign considerations in the

investment framework outlined here. The thematic aspect of the ESG approach relates to the Fixed Income Team's view on engagement. Engagement is difficult for a fixed income investor. Voting opportunities are not as readily available for fixed income investors as they are for equity investors, who can utilise proxy voting. However, by investing in labelled bonds that are aligned with the SDGs prioritised by the firm (SDGs 7,12 and 13), the Investment Team can dedicate capital explicitly towards the integration of ESG considerations.

4.3 Prioritising principal adverse impact

4.3.1 PAI and MIL's chosen Sustainable Development Goals (SDGs)

A look-through calculation every quarter across all portfolios for the sixteen PAIs (both mandatory and additional) by MIFL working with the Banca Mediolanum Markets and Insurance Assets Unit, using the provider MSCI ESG Manager. MIL, through its appointed investment manager MIFL, takes prioritised action on six PAIs (PAIs 1, 2, 3, 5, 9 and 13). At an entity level, considering the available sustainability data, MIL has identified and prioritised five PAIs based on the long-term investment priorities linked to specific UN SDGs that have been chosen by the firm (SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action). MIL has also chosen a sixth PAI (PAI 13). Although not linked to its focus on the three SDGs, MIL believe it is an important area where it can influence change. In 2022, the European Commission also confirmed that PAI could be used as a measure for positive contribution and as such MIL's aim is to demonstrate long-term improvement through measuring these six prioritised PAIs at an entity level on its chosen SDGs.

4.4 Data Sources

Both the Banca Mediolanum Markets and Insurance Assets Unit and MIFL Investment team use MSCI ESG Manager SFDR module to generate monthly reports to monitor the 18 PAIs over time. Any data relating to changes in PAIs will be shared with MIL. Minutes will be written and validated by MIFL and shared with MIL annually. For any PAI trending negatively, a plan of engagement will be set in place to engage with the relevant companies or asset managers. MIFL are also developing an interactive proprietary platform to monitor its six prioritised PAIs that MIFL aim to take action on at an entity level. By monitoring these reports over time, MIL hope to see improvements in scores via the engagement of its Investment Manager with underlying managers or companies to encourage their contribution to the PAIs, and to deliver impact across its chosen SDGs.

4.4.1 Data Challenges relating to PAI indicators

With reference to the available data, MIFL and the Banca Mediolanum Markets and Insurance Assets Unit MIFL monitor the PAI indicators monthly.

In addition, each of the mandatory and optional indicators selected is measured on a quarterly basis and aggregated at entity level. An annual figure is provided for each indicator based on the average of the four quarters in the reference period and will be published in accordance with the procedures provided for by EU Delegated Regulation 2022 / 1288 in the Annex.

Data on the negative effects of MIL's products and underlying investments are provided by the established international provider MSCI ESG Research.

Despite the continuous improvement and refinement that calculation methodologies are going through, the quality and availability of data still shows room for improvement. Data quality and availability can be inadequate, especially in the small companies and emerging markets landscape.

5. Engagement policies

MIL has reviewed and is aligned with MIFL's engagement and Proxy Voting policies. MIL is of the view that given the significant weight of AUM involved, MIFL's engagement with third-party asset managers, is a powerful tool. MIL believes that using this can help to push forward the ESG and sustainable investment agenda across the broader industry.

MIFL follows a multi-stage process, focused on achieving long-term progress on its chosen UN SDGs through monitoring the PAIs. From its existing holdings, MIFL pre-screens a cohort of companies which lag relative to peers on objective metrics related to its PAIs. MIFL then begins a structured dialogue with companies aimed at achieving objective progress on the given issue. Progress on engagement activity is recorded on MIFL's proprietary research template and appropriate updates are provided to MIL Product Committee.

5.1 Engagement with Multi-Manager Funds

MIFL mainly follows a multi-manager approach ("multi-manager") where it appoints third-party asset managers to manage part of the funds. MIFL selects and oversees each third-party asset manager who is allocated a portion of the MIFL fund to manage. For such funds, MIFL will undertake indirect engagement with companies on relevant ESG issues via third-party asset managers, targeting a focused list of "improver" third-party asset managers in a structured objective process: 1. Improve environmental disclosures; 2. Engage with third-party asset managers on the six prioritised PAIs; and 3. Monitor progress on a periodic basis. This is done through the MIFL ESG Engagement Questionnaire which looks at a range of ESG assessments.

5.2 Proxy Voting

Additionally, MIFL supports its engagement activity through proxy voting. For active ownership (part of the portfolio which consists of securities), voting will be carried out with Glass Lewis as the appointed proxy agent. MIFL maintain its own Proxy Voting Policy to be implemented across mandates and directly managed strategies. Through its voting, over time, MIFL wants to be able to improve the environmental profiles of the portfolios. In 2021, MIFL customised its Proxy Voting Policy, to align voting activity with core UN SDGs related to climate oversight and disclosure (SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action), that seek to promote best practice with respect to a company's climate-related initiatives and policies.

5.3 Shareholder Engagement Policy

MIL is an Institutional Investor under SRD II. MIFL acts as Investment Manager for MIL and has also adopted its Shareholder Engagement Policy as required under the Shareholder Rights Directive II (SRD II) on MIL's behalf. The Policy outlines its approach to voting and engaging in underlying investee companies. The Shareholder Engagement Policy mirrors the approach outlined in the Proxy Voting Policy and outlines how MIFL ensures shareholder engagement is integrated into the investment strategy. It also outlines how MIFL monitors investee companies on strategy, financial and non-financial performance, risk, capital structure, social and environmental impact and corporate governance. How MIFL manages actual and potential conflicts of interest in respect of their engagement and cooperation with other shareholders and other stakeholders of the investee companies is also included within the policy.

5.4 Adaption of the policies

Every reporting period, MIL will conduct a review whether there is a reduction of the principal adverse impacts. When there is insufficient progress, the engagement policies described above will be adapted in terms of the selection of engagement themes, selection of companies for engagement and/or voting, as well as the process during engagements including escalation strategy and objectives setting. In addition, MIL will monitor and review the principal adverse impact of its funds' holdings, on an annual basis and adapt targets and measures to mitigate impact as required.

6. References to international standards

MIL believes that ongoing adherence to and the development of strong responsible investment standards, regulations and frameworks, are fundamental to our commitment to embedding sustainability. MIL is considering becoming a signatory to the UN PRI.

In addition, MIL is committed to and supports the objectives of all 17 United Nations Sustainable Development Goals (SDGs) and has decided to prioritise three environmental-oriented SDG 7 - Affordable and Clean Energy, SDG 12 - Responsible Consumption and Production and SDG 13 – Climate Action; to assess our products, with an aim to seek improvement in the long term.

7. Historical comparison

The earliest historical comparison will be provided in June 2024. Where this document contains third party data (“Third-Party Data”), we cannot guarantee the accuracy, completeness or reliability of such Third-Party Data and accept no responsibility or liability whatsoever in respect of such Third-Party Data.

Publication, Amendments and Updates:

This information is captured and produced in this report at a point in time and it is not intended to update or amend the Information or correct any errors in the information following the publication of this statement. Mediolanum International Life dac (“MIL”) reserves the right to update this document and/or the Information at any time and without notice. Although the Information contained in this document is believed to be correct as at the time of printing or publication, no assurance can be given to you that this document is complete or accurate in the light of information that may become available after its publication. The Information may not take into account any relevant events, facts or conditions that have occurred after the publication or printing of this document.

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Date of publication	Description
30 June 2023	Primary publication
28 July 2023	Update of data aggregation at entity level