

Statement on principal adverse impacts of investment decisions on sustainability factors

Date: 28.06.24

Financial market participant: Mediolanum International Life dac

Legal Entity Identifier: 635400C7L8C5RGY8VK8I



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 an Investment Manager to manage the underlying investments of its internal funds. This statement on the principal adverse impacts of investment decisions on sustainability factors covers the reporting period from 1 January 2023 to 31 December 2023.

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 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. MIL believes that the negative impacts of decisions made on sustainability factors may be mitigated when PAIs are considered as part of the underlying investment process.

This section presents data on the negative impact of MIL's investments on sustainability factors for the period from 1 January 2023 to 31 December 2023. 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, the appointed Investment Manager working with the Banca Mediolanum Markets and Insurance Assets Unit, monitor the PAI indicators of the Company's products. As of the date of this statement MSCI ESG Manager¹ is the sole third-party data service provider used in respect of environmental, social and governance data. On this basis, MIL is reliant on the methodology and the data coverage made available by MSCI which may be subject to change. No estimation of data is used in the preparation of this statement.

A look-through calculation across all holdings is carried out every quarter to which data from a single point in time (year-end) for the 18 PAIs (both mandatory and additional PAIs) is applied across all assets.

MIL aligns 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.

¹ Rebranded recently as "MSCI One."

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 2023	Impact 2022	Explanation	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	191,598.03	269,740.17	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN</p> <p>During the reference period, the Investment Manager continuously monitored the performance of these indicators, and the following actions were taken:</p> <p>The Investment Manager's Responsible Investment (RI) Policy</p> <p>Included in the Investment Manager's RI policy is the prioritisation of 3 Environmental SDGs (7, 12 and 13) to which MIL is aligned, as outlined in MIL's RI Policy. To measure its impact across these 3 SDGs, the Investment Manager has mapped 5 PAI including PAIs 1, 2 & 3.</p> <p>Engagement</p> <p>In 2023, the Investment Manager engaged with the third-party managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on</p>
		Scope 2 GHG emissions	31,914.78	33,612.67	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Scope 3 GHG emissions	1,054,987.43	1,445,770.29	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO ₂ e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Total GHG emissions	1,278,500.24	1,749,123.13	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	

	2. Carbon footprint	Carbon footprint	558.02	702.37	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	its prioritised SDGs and chosen PAIs. Over the course of 2023, The Investment Manager engaged with 17 target companies held across their portfolios on topics directly linked to its chosen PAIs.
	3. GHG intensity of investee companies	GHG intensity of investee companies	966.73	1,184.11	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	<p>Proxy Voting In 2021 the Investment Manager created a proxy voting policy to align its voting with core UN Sustainable Development Goals (SDGs). Throughout 2023, it voted on a variety of proposals that deal with GHG emissions, from holding directors accountable for risk mitigation strategies to supporting shareholder proposals that seek further disclosure on a company's GHG emissions and strategies. It voted against 190 directors for failure to adopt GHG emissions targets, 129 directors for insufficient oversight of climate and environmental risks, 38 directors for insufficient oversight and disclosure of material climate and environmental risks and approximately 235 compensation plans where there was a failure to incentives the mitigation of climate and environmental risks. As MIL is invested in the funds of its Investment Manager, the proxy voting activity is relevant to MIL also.</p> <p>Voting was also in favour of shareholder proposals requesting companies to provide reporting on their actions with respect to climate change. Shareholder proposals regarding Climate Transition Policies, Climate Action Plans, and Reduction of GHG Plans were prominent across the Investment Manager's holdings in 2023 and strongly aligned with the objectives of SDG 13 – Climate Action.</p> <p>ACTIONS PLANNED These PAI indicators are considered a priority by both MIL and its appointed Investment Manager. The Investment Manager will continue to monitor their performance and will investigate any negative trend</p>

						<p>by engaging with the underlying third-party managers to promote improvement over time.</p> <p>In the 2024-2026 strategic plan, MIL has selected specific carbon indicators to monitor, aimed at addressing climate change within investments, with the goal of defining objectives related to GHG emissions.</p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11.52%	7.83%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>Proxy Voting Policy In 2023, voting was in line with the proxy voting policy against a variety of shareholder proposals including regarding withdrawal from fossil fuel, decarbonisation through prohibiting new coal fired power generation, stopping fossil energy resource exploration, regarding move from fossil fuel to renewable energy and the formation of a decarbonisation risk committee.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, including investigating any negative trends and agreeing actions as necessary with MIL.</p>	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy	65.47%	73.90%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p>	

		<p>production of investee companies from non-renewable energy sources, expressed as a percentage of total energy sources.</p>				<p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>The Manager’s Responsible Investment Policy Included in the Manager’s RI policy is the prioritisation of 3 Environmental SDGs (7, 12 and 13), which is also aligned with MIL’s RI policy. To measure its impact across these 3 SDGs, the Investment Manager has mapped 5 PAI including PAI 5.</p> <p>Engagement In 2023, the Investment Manager’s Multi-Manager team engaged with the third-party managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on its prioritised SDGs and chosen PAIs. Over the course of 2023, its Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to the chosen PAIs.</p> <p>Proxy Voting In 2023, voting was in line with the proxy voting proxy voting policy on a variety of shareholder proposals including nuclear plant operations, alternative energy sources, denuclearisation and engagement in renewable energy, the use of Fiberglass in Wind Farms, Commitment to Hydropower Projects, and Energy Research, regarding a move from fossil fuel to renewable energy, oil and gas exploration and renewable transformation.</p> <p>ACTIONS PLANNED This indicator is considered a priority by the Investment Manager and by MIL. The Investment Manager will continue to monitor its performance and will investigate any negative trend by engaging with the underlying third-party managers to promote</p>
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						improvement over time and will agree actions as necessary with MIL.
6. Energy consumption intensity per high impact climate sector	NACE Code A (Agriculture, Forestry and Fishing).	4.72	0.53	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing).	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager continuously monitored the performance of these indicators.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>	
	NACE Code B (Mining and Quarrying)	0.94	13.49	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying).		
	NACE Code C (Manufacturing)	0.50	0.89	average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing).		
	NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	4.92	5.82	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply).		
	NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	1.05	1.41	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities).		
	NACE Code F (Construction)	0.39	0.61	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction).		
	NACE Code G (Wholesale and Retail Trade; Repair of Motor	0.15	0.09	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and		

		Vehicles and Motorcycles)			Retail Trade; Repair of Motor Vehicles and Motorcycles).	
		NACE Code H (Transportation and Storage)	1.73	2.62	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage).	
		NACE Code L (Real Estate Activities)	0.55	0.35	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities).	
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.	10.26%	0.19%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.	<p>Note: The value of the indicator for the period January 1 to December 31, 2023, cannot be compared with the value of the previous reference period because the data provider has redefined the scope of the raw data at security level to better meet regulatory expectations. The implementation of this new definition means that the comparison to the previous reference period, calendar year 2022, is not a like for like comparison and therefore while instructive should be understood as not directly comparable.</p> <p>The following actions are relevant to the assets of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.46	1,786.79	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	<p>Note: Due to the low coverage of the securities in the portfolio, the number represented may not be a fair representation of the portfolio.</p> <p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>Proxy Voting In 2023, voting was in line with the proxy voting policy on a variety of shareholder proposals including proposals regarding water risk exposure.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>
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.	6.41	80.19	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	<p>Note: Due to the low coverage of the securities in the portfolio, the number represented may not be a fair representation of the portfolio.</p> <p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>The Investment Manager's Responsible Investment (RI) Policy</p>

						<p>Included in the Manager’s RI policy is the prioritisation of 3 Environmental SDGs (7, 12 and 13) to which MIL is aligned, as outlined in the MIL RI Policy To measure its impact across these 3 SDGs, the Investment Manager has mapped 5 PAIs including PAI 9.</p> <p>Engagement In 2023, the Investment Manager engaged with the third-party managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on its prioritised SDGs and chosen PAIs. Over the course of 2023, the Investment Manager’s Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to its chosen PAIs.</p> <p>Proxy Voting The Investment Manager has tailored the customised voting policy in line with the climate-oriented SDGs of the Investment Manager and MIL.</p> <p>ACTIONS PLANNED This indicator is considered a priority by both MIL and the Investment Manager. The Investment Manager will continue to monitor its performance and will investigate any negative trend by engaging with the underlying third-party managers to promote improvement over time and will agree actions as necessary with MIL.</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	Share of investments in investee companies that have been involved in	0.74%	0.66%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	<p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p>

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				<p>ACTIONS PLANNED</p> <p>The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>
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	2.24%	22.12%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	<p>Note: The value of the indicator for the period January 1 to December 31, 2023, cannot be compared with the value of the previous reference period because the data provider has redefined the scope of the raw data at security level to better meet regulatory expectations. The implementation of this new definition means that the comparison to the previous reference period, calendar year 2022, is not a like for like comparison and therefore while instructive should be understood as not directly comparable.</p> <p>The following actions are relevant to the assets of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN</p> <p>During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED</p> <p>The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.79%	12.51%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	<p>Note: Due to the low coverage of the securities in the portfolio, the number represented may not be a fair representation of the portfolio.</p>	

						<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	33.27%	31.54%	The portfolio holdings' weighted average of the ratio of female to male board members.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>The Manager's Responsible Investment (RI) Policy Included in the Manager's RI policy is the prioritisation of one Social SDGs (5) to which MIL is aligned, as outlined in the MIL RI Policy. To measure its impact across this SDG, the Investment Manager has mapped this indicator, PAI 9.</p> <p>Engagement In 2023, the Investment Manager engaged with the third-party managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on all its prioritised SDGs and chosen PAIs. Over the course of 2023, the Investment Manager's Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to its chosen PAIs.</p>

						<p>Proxy Voting During 2023 voting season, the proxy policy was updated on Board Gender Diversity by adding the guidelines:</p> <ul style="list-style-type: none"> - Vote against when the diversity disclosure rating is poor. - Vote against the nomination committee at large, mid cap companies when there is less than 30% female representation on board of directors. - Vote against the nomination committee at small cap companies when there is not at least one woman serving on board. <p>These guidelines triggered for 267 proposals during the season and MIFL voted consistently in line with the policy.</p> <p>In 2023, votes were in line with the proxy voting policy on a variety of shareholder proposals including a proposal regarding gender diversity targets.</p> <p>ACTIONS PLANNED This indicator is considered a priority by both MIL and its appointed Investment Manager. The Investment Manager will continue to monitor its performance and will investigate any negative trend by engaging with the underlying managers to promote improvement over time and will agree actions as necessary with MIL.</p>
	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.	0.03%	0.04%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons, or biological weapons. Note: Industry ties includes ownership, manufacturing, and investments. Ties to landmines do not include related safety products.	<p>Exclusions Policy An exclusion policy has been implemented across the Mediolanum Group that applies to both direct investments and any delegated manager or third-party 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 a subsidiary of an Italian banking group, MIL is obliged to comply with this legislation. The objective of the exclusion policy is to</p>

						<p>prohibit investments in companies involved in the financing, production, use, sale, distribution, import, export or transfer of anti-personnel mines, munitions, and cluster munitions. MIL has in place its own Controversial Weapons Policy that is aligned where applicable with that of its Parent Group.</p> <p>The Investment Manager will continue to monitor and execute the implementation of this policy.</p>
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG Intensity	GHG intensity of investee countries	301.41	548.03	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP).	<p>Note: The indicator value for the period January 1 – December 31, 2023, and the previous period is not comparable due to a change in the data coverage percentage</p> <p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number), as referred to in	6.75	7.75	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p>

		international treaties and conventions, United Nations principles and, where applicable, national law				ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator. ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator and will investigate any negative trends.
		Share of investee countries subject to social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	5.97%	6.74%		
Indicators applicable to investments in real estate assets²						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	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 manufacture of fossil fuels.	N/A	N/A	N/A	[Not applicable given investment universe of the funds and mandates under management.]

² 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 MIFL.

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 funds.]
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Table 2
Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	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	28.90%	19.98%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	<p>Note: The indicator value for the period January 1 – December 31, 2023, and the previous period is not comparable due to a change in the data coverage percentage</p> <p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>

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 2023	Impact 2022	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	9.23%	9.69%	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	<p>The following actions are relevant to the underlying investments of MIL's appointed Investment Manager in which MIL Products are invested.</p> <p>ACTIONS TAKEN During the reference period, the Investment Manager has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>The Investment Manager's Proxy Voting Policy The Investment Manager's Proxy Policy, that also applies to MIL, will generally support enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies do business. Accordingly, the Policy will generally vote for proposals requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general. In addition, the Policy will support proposals for companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions, and corporate responsibility at large. The Policy will also support</p>

						<p>proposals requesting independent verification of a company's contractors' compliance with labour and human rights standards. In addition, the Policy supports the International Labor Organization standards and encourage companies to adopt such standards in its business operations.</p> <p>Proxy Voting 2023 In 2023, voting was in line with the proxy voting policy on a variety of shareholder proposals including a variety of proposals regarding racial equity audit, human rights impact assessment, report on human rights.</p> <p>ACTIONS PLANNED The Investment Manager will continue to monitor the performance of this indicator, will investigate any negative trend and will agree actions as necessary with MIL.</p>
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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 currently chosen any more additional indicators.

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 is 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. The Policy for Products and Responsible Investment was last updated in June 2023. Both policies are subject to review by the Board annually.

MIL as the Manager oversees the investment management process of its appointed Investment Manager. through the governance framework which is in place between MIL and its Investment Manager (including investment services SLA, Investment Guidelines, on-going due diligence, KPI monitoring etc.); MIL as part of its oversight conducts on-going monitoring to ensure that the Investment Manager to the funds has sufficient processes in place (including the area of responsible investment). The Investment Manager implements its Responsible Investment Policy, which is in line with the MIL Products and Responsible Investment 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 supnationals 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 Investment Manager and the wider Mediolanum Group, in assessing the potential list based on MSCI coverage. This narrowed the selection from 22 to 6 climate indicators and from 24 to 20 social indicators. Under guidance from Investment Managers 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 prioritises 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) and one social-oriented SDG (SDG 5 Gender Equality) with the aim of seeking improvement in the long term. This approach is aligned with that of its appointed Investment Manager. The Investment Manager has tailored its Proxy Voting policy in line with these 4 SDGs and engages with third-party Delegate Managers on the 6 PAIs mapped to those SDGs.

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. The Investment Manager working with the Allocation Monitoring and Analysis Department of Banca Mediolanum S.p.A., monitor the PAI indicators of the Company's products using the information provided by the MSCI "ESG Manager" and provide this information to the MIL product committee for its review and oversight. The Investment Manager 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.

4.3 MIL's Monitoring of PAIs

As outlined in MIL's Responsible Investment Policy, MIL has prioritised 4 SDGs - SDG 5 Gender Equality, SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action. It is important to MIL to measure its impact on these prioritised SDGs.

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

MIL's appointed Investment Manager, working with the Banca Mediolanum Markets and Insurance Assets Unit, use MSCI ESG Manager to calculate the sustainability indicators across all portfolios for the eighteen PAIs (both mandatory and additional) for each reference period. Aligned with the approach of its appointed Investment Manager, to measure the impact across the Firm's four prioritised SDGs at an entity level, considering the available sustainability data, 6 PAIs have been chosen or mapped to measure the impact on the four prioritised SDGs. 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 the Investment Manager 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. For any PAI trending negatively, a plan of engagement will be set in place to engage with the relevant companies or asset managers. The Investment Manager has also developed an interactive proprietary platform to monitor its six prioritised PAIs that the Investment Manager 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

Data on the negative effects of MILs investments are provided by the established international provider MSCI ESG Manager, the data provider selected by MIL. With reference to the available data, the PAI indicators are monitored monthly.

MSCI has redefined the scope of the raw data at security level to better meet regulatory expectations for PAI 7 & 11. The implementation of this new approach means that the comparison to the previous reference period, calendar year 2022, is not a like for like comparison and therefore while instructive should be understood as not directly comparable.

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.

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 its appointed Investment Manager's engagement and Proxy Voting policies. MIL is of the view that given the significant weight of AUM involved, the Investment Manager'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.

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

5.1 Proxy Voting

Additionally, the Investment Manager 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. The Investment Manager maintains its own Proxy Voting Policy to be implemented across mandates and directly managed strategies. Through its voting, over time, the Investment Manager wants to be able to improve the environmental profiles of the portfolios. In 2021, the Investment Manager 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. In 2023, the Proxy Voting policy was updated to ensure voting is also aligned across SDG 5 Gender Equality and PAI 13 Board Gender Diversity in line with the Firms prioritization of a fourth SDG.

5.2 Shareholder Engagement Policy

MIL is an Institutional Investor under SRD II. The Investment Manager acts as Investment Manager for underlying investments within MIL products 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 the Investment Manager ensures shareholder engagement is integrated into the investment strategy. It also outlines how the Investment Manager monitors investee companies on strategy, financial and non-financial performance, risk, capital structure, social and environmental impact and corporate governance. How the Investment Manager 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.

5.3 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.

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. In 2023, in recognition of the engagements of its appointed Investment Manager on PAI 13 Board Gender Diversity, MIL formalised its prioritisation of SDG 5 Gender Equality in its update of its Policy for Products and Responsible Investment in 2023 as an additional prioritised SDG.

7. Historical comparison

MIL has continuously monitored the performance of PAI indicators since December 2021. We note an improvement in two-thirds of the indicators, including all of MIL's chosen PAI, when the indicators from 2023 are compared to those from 2022.

In 2023, a general increase in coverage percentages was observed for many indicators.

Most of the observed changes are attributable to adjustments to the investment portfolios. In some cases (e.g., PAI 7, PAI 11), MSCI redefined the scope of the raw data at security level to better meet regulatory expectations, making the values non-comparable with the previous period. The indicator value for the period January 1 – December 31, 2023, and the previous period is not comparable due to a change in the data coverage percentage for PAI 15, Table 1 and PAI 4, Table 2.

Finally, the credibility of the values of PAI 8, 9, and 12 indicators is influenced by a low percentage of data coverage: the fluctuation in coverage, which remains low, has produced high variations in the indicator values but with no real significance.

Regarding the PAI indicators related to "Greenhouse gas emissions," MIL has introduced specific carbon indicators in the "Strategic Plan 2024-2026" aimed at addressing climate change in investments, with the goal of defining potential targets related to GHG emissions.

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:

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