

Statement on principal adverse impacts of investment decisions on sustainability factors

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Financial market participant: Mediolanum International Funds Limited

Legal Entity Identifier: 635400QXP44PVCLIQZ57





1. Summary

This Principal Adverse Impact (“PAI”) Statement outlines how Mediolanum International Funds Limited (“MIFL”) considers principal adverse impacts (“PAIs”) of its investment decisions on sustainability factors on behalf of the funds under management and discretionary mandates for which MIFL acts as the appointed investment manager. 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 MIFL 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”). MIFL 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 MIFL’s Responsible Investment policy - available [here](#).



2. Description of the principal adverse impacts on sustainability factors

MIFL 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.

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

This section presents data on the negative impact of MIFL’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.

MIFL 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).

As of the date of this statement, MIFL uses MSCI ESG¹ Manager as its sole third-party data service provider in respect of environmental, social and governance data. On this basis, MIFL is reliant on the methodology and the data coverage made available by MSCI which may be subject to change. MIFL does not perform any estimation of data.

MIFL completes a look-through calculation across its holdings every quarter and applies data from a single point in time (year-end) for the 18 PAIs (both mandatory and additional PAIs), across all funds.

MIFL 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.

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	1,874,655.24	2,001,014.44	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of these indicators and the following actions were taken:</p> <p>MIFL Responsible Investment (RI) Policy Included in MIFL's RI policy, is the prioritisation of 3 Environmental SDGs (7, 12 and 13). To measure its impact across these 3 SDGs, MIFL has mapped 5 PAI including PAIs 1, 2 & 3.</p> <p>Engagement In 2023, the MIFL Multi-Manager team engaged with the managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on MIFLs prioritised SDGs and chosen PAIs. Over the course of 2023, the MIFL Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to MIFL's chosen PAIs.</p> <p>Proxy Voting In 2021 MIFL created a custom voting policy to align our voting with core UN Sustainable Development Goals (SDGs). Throughout 2023, MIFL voted on a</p>
		Scope 2 GHG emissions	421,651.36	398,530.22	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	13,290,226.97	13,695,706.40	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	15,586,533.57	16,281,590.19	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).	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. MIFL 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 incentivise the mitigation of climate and environmental risks.
	2. Carbon footprint	Carbon footprint	418.80	473.94	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).	
	3. GHG intensity of investee companies	GHG intensity of investee companies	860.43	939.08	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>MIFL also voted 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 MIFL's holdings in 2023 and strongly aligned with the objectives of SDG 13 – Climate Action. For more information, see MIFL's Proxy Voting Summary 2023.</p> <p>ACTIONS PLANNED</p> <p>These PAI indicators are considered a priority by MIFL. We will continue to monitor their performance and will investigate any negative trend by engaging with the underlying managers to promote improvement over time.</p> <p>In the 2024-2026 strategic plan, MIFL 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	10.37%	8.50%	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>Proxy Voting Policy In 2023, MIFL voted in line with its custom 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 MIFL will continue to monitor the performance of this indicator and will investigate any negative trend.</p>
	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, expressed as a percentage of total energy sources.	64.93%	73.14%	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>MIFL Responsible Investment Policy Included in MIFL's RI policy, is the prioritisation of 3 Environmental SDGs (7, 12 and 13). To measure its impact across these 3 SDGs, MIFL has mapped 5 PAI including PAI 5.</p> <p>Engagement In 2023, the MIFL Multi-Manager team engaged with the managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on MIFLs prioritised SDGs and chosen PAIs. Over the course of 2023, the MIFL Single Securities team engaged with</p>

						<p>17 target companies held across their portfolios on topics directly linked to MIFL's chosen PAIs.</p> <p>Proxy Voting In 2023, MIFL voted in line with its custom 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 MIFL. We will continue to monitor its performance and will investigate any negative trend by engaging with the underlying managers to promote improvement over time.</p>
6. Energy consumption intensity per high impact climate sector	NACE Code A (Agriculture, Forestry and Fishing).	0.43	0.31	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of these indicators.</p> <p>ACTIONS PLANNED MIFL will continue to monitor the performance of these indicators and will investigate any negative trends.</p>	
	NACE Code B (Mining and Quarrying)	0.96	1.85	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)	0.79	0.72	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)	3.54	7.99	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)	0.93	1.78	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)	0.29	0.42	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 Vehicles and Motorcycles)	0.15	0.11	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles).	
		NACE Code H (Transportation and Storage)	1.65	1.35	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)	0.36	0.51	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.	9.86%	0.20%	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED MIFL will continue to monitor the performance of this indicator and will investigate any negative trends.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.36	89.86	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 data coverage of the constituent securities in the portfolios, the number represented may not be a fair representation of the portfolio.</p> <p>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>Proxy Voting In 2023, MIFL voted in line with its custom voting policy on a variety of shareholder proposals including proposals regarding water risk exposure.</p>

						<p>ACTIONS PLANNED MIFL will continue to monitor the performance of the indicator and will investigate any negative trends.</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.	6.08	15.63	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 data coverage of the constituent securities in the portfolios, the number represented may not be a fair representation of the portfolio.</p> <p>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>MIFL Responsible Investment Policy Included in MIFL's RI policy, is the prioritisation of 3 Environmental SDGs (7, 12 and 13). To measure its impact across these 3 SDGs, MIFL has mapped 5 PAI including PAI 9.</p> <p>Engagement In 2023, the MIFL Multi-Manager team engaged with the managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on MIFLs prioritised SDGs and chosen PAIs. Over the course of 2023, the MIFL Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to MIFL's chosen PAIs.</p> <p>Proxy Voting MIFL has tailored its voting policy in line with its climate-oriented SDGs.</p> <p>ACTIONS PLANNED This indicator is considered a priority by MIFL. We will continue to monitor its performance and will</p>

						investigate any negative trend by engaging with the underlying managers to promote improvement over time.
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	0.36%	0.93%	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, MIFL has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED MIFL will continue to monitor the performance of the indicator and will investigate any negative trends.</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	1.15%	44.91%	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>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator.</p>

		mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				<p>ACTIONS PLANNED</p> <p>MIFL will continue to monitor the performance of the indicator and will investigate any negative trends.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11.81%	11.41%	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 data coverage of the constituent securities in the portfolios, the number represented may not be a fair representation of the portfolio.</p> <p>ACTIONS TAKEN</p> <p>During the reference period, MIFL has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED</p> <p>MIFL will continue to monitor the performance of the indicator and will investigate any negative trends.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	33.86%	32.51%	The portfolio holdings' weighted average of the ratio of female to male board members.	<p>ACTIONS TAKEN</p> <p>During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>MIFL Responsible Investment Policy</p> <p>Included in MIFL's RI policy, is the prioritisation of one Social SDG (5). To measure its impact across this SDG, MIFL has mapped this indicator, PAI 13.</p> <p>MIFL Responsible Investment Policy</p> <p>The MIFL Investment team has prioritised the monitoring of the social SDG 5 to which this PAI is mapped, and it engages with underlying managers or</p>

						<p>investee companies, with the aim of delivering change over time.</p> <p>Engagement In 2023, the MIFL Multi-Manager team engaged with the managers of the 117 strategies held in those funds classified as Article 6 under the SFDR, on all MIFL's prioritised SDGs and chosen PAI. Over the course of 2023, the MIFL Single Securities team engaged with 17 target companies held across their portfolios on topics directly linked to MIFL's chosen PAIs.</p> <p>Proxy Voting During 2023 voting season, MIFL updated its policy on Board Gender Diversity by adding the guidelines: - 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> <p>These guidelines triggered for 267 proposals during the season and MIFL voted consistently in line with the policy.</p> <p>In 2023, MIFL voted in line with its custom 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 MIFL. We will continue to monitor its performance and will investigate any negative trend by engaging with the</p>
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						underlying managers to promote improvement over time.
	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%	0.06%	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</p> <p>MIFL has implemented an exclusion policy that applies to both direct investments and delegated 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, MIFL is 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.</p> <p>MIFL 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	254.61	300.73	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP). ²	<p>ACTIONS TAKEN</p> <p>During the reference period, MIFL has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED</p> <p>MIFL will continue to monitor the performance of this indicator and will investigate any negative trends.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations	7.00	7.75	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports.	<p>ACTIONS TAKEN</p> <p>During the reference period, MIFL has continuously monitored the performance of these indicators.</p>

² Rebranded recently as “MSCI One”

		(absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law				ACTIONS PLANNED MIFL will continue to monitor the performance of these indicators 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	6.09%	6.64%		
Indicators applicable to investments in real estate assets³						
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	N/A	N/A	N/A	[Not applicable given investment universe of the funds and mandates under management.]

³ 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.

		in the extraction, storage, transport or 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 funds.]

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	27.37%	23.67%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	<p>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator.</p> <p>ACTIONS PLANNED MIFL will continue to monitor the performance of this indicator and will investigate any negative trends.</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	8.33%	10.24%	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	<p>ACTIONS TAKEN During the reference period, MIFL has continuously monitored the performance of this indicator and the following actions were taken:</p> <p>MIFL's Proxy Voting Policy MIFL's Customer Policy 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 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</p>

						<p>standards and encourage companies to adopt such standards in its business operations.</p> <p>Proxy Voting 2023 In 2023, MIFL voted in line with its custom 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 MIFL will continue to monitor the performance of this indicator and will investigate any negative trends.</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 MIFL 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, MIFL 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. MIFL 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 Responsible Investment Policy sets out the framework by which MIFL integrates sustainability risks into its investment decision-making process and how the PAIs of investment decisions on sustainability factors are considered. The Responsible Investment Policy was last updated and approved by the Board of Directors of MIFL in October 2023 and will be reviewed annually.

4.1 Governance of policies

The MIFL Board has ultimate responsibility for sustainability-related policies. MIFL Board last approved the Responsible Investment Policy in October 2023 and the MIFL Policy on Sustainability 2023 on 22nd July 2023. Both policies are reviewed by the Board annually.

The MIFL Investment Committee provides the management oversight of the implementation of those sustainability policies. The Investment Team implements the Responsible Investment Policy. The Compliance Team implements Trade Compliance Monitoring for ESG binding restrictions for Article 8 and 9 Funds. 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 Responsible Investment Framework.



4.2 Methodologies used for selecting PAI indicators

MIFL'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.

MIFL 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, MIFL has selected two additional indicators, one environmental and one social as outlined under section 3 above. MIFL's approach to selection of the additional voluntary indicators (one climate and one social) is to assess the potential list based on MSCI coverage. This narrowed the selection from 22 to 6 climate and from 24 to 20 social. MIFL's ESG team reviewed the selection and made a recommendation to the MIFL investment 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. MIFL 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 CIO.

MIFL has decided 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) and one social-oriented SDG (SDG 5 Gender Equality) 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 engages with Delegate Managers on these SDGs.

For engagement with Managers, MIFL has mapped 6 PAIs to measure its impact on its 4 prioritised SDGs. MIFL engages with underlying fund managers and companies in direct investments with the aim of delivering improvement across these six PAI over time. Please see section 4.3 for more detail.

MIFL aims to manage the risk connected to potential adverse sustainability impacts from its investments by monitoring and evaluating the range of PAIs outlined under sections 2 and 3 above. Consideration of PAI indicators is applied across asset classes and to all mandates, not just those labelled "sustainable



investments”. However, MIFL acknowledge that the degree of relevance or materiality may vary across asset classes, as does the current state of integration by strategies within asset classes.

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 5, 7, 12 and 13 using the prioritised PAI chosen. 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 be of benefit to 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.

For more detail on the approach taken by the Fundamental Equities and Quantitative Equities teams, see section 2 of MIFL’s [Responsible Investment Policy](#).

4.2.2 ESG framework – Fixed income

In line with MIFL’s Responsible Investment Policy, the Fixed Income Single Securities Team incorporate PAI considerations into the investment process through a combination of ESG integration and thematic investing. The team monitor the PAI metrics at a fund level, and intra-fund basis, by examining the biggest drivers of the metrics at a sector and security level. The fund PAI exposures are measured at least monthly. Reports generated are included in the monthly SIG pack. The analysis of the key drivers of a fund’s PAI scores are outlined and discussed monthly with the IC. 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 5, 7, 12 and 13), the Investment Team can dedicate capital explicitly towards the integration of ESG considerations.

4.3 Engaging on principal adverse impact

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

MIFL uses MSCI ESG Manager to calculate the 18 sustainability indicators across all portfolios for the eighteen PAIs (both mandatory and additional) for each reference period. In addition, MIFL has decided to take action on six PAIs (PAIs 1, 2, 3, 5, 9 and 13). At an entity level, considering the available sustainability data, MIFL has mapped six PAIs based on the long-term investment priorities linked to specific UN SDGs that have been prioritised by the firm (SDG 5 Gender Equality, SDG 7 Affordable and Clean Energy, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action). In 2022, the European Commission also confirmed that PAI could be used as a measure for positive contribution and as such MIFL's aim is to demonstrate long-term improvement through measuring these six mapped PAIs at an entity level on its chosen SDGs.

4.4 Data Sources

MIFL's Investment team uses the 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 MIFL's sub-investment group where ESG exists as a standing agenda item. Minutes will be written and validated by the chairman and distributed to the Investment Committee on an annual basis. For any PAI trending negatively, a plan of engagement will be set in place to engage with the relevant companies or asset managers. MIFL has also developed an interactive proprietary platform to monitor its six chosen PAIs that MIFL aims to take action on at an entity level. By monitoring these reports over time, MIFL hopes to see improvements in scores. MIFL aims to contribute to this improvement through engagement with managers or companies to encourage their contribution to the PAIs, and to deliver impact across its prioritised SDGs.

4.4.1 Data Challenges relating to PAI indicators

Data on the negative effects of MIFL's investments are provided by the established international provider MSCI ESG Manager, the data provider selected by MIFL. With reference to the available data, MIFL monitors the PAI indicators 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.

5. Engagement policies

MIFL is of the view that one of the more powerful tools it has is its engagement with third-party asset managers, given the significant weight of AUM which MIFL outsource. MIFL 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.

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 our 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. In 2023, MIFL updated its policy to ensure its voting is also aligned to consider voting across SDG 5 Gender Equality and PAI 13 Board Gender Diversity.

5.3 Shareholder Engagement Policy

MIFL has also adopted a Shareholder Engagement Policy as required under the Shareholder Rights Directive II (SRD II) which 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, MIFL 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, MIFL 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

MIFL believes that ongoing adherence to and the development of strong responsible investment standards, regulations and frameworks, are fundamental to our commitment to embedding sustainability. The basis for our approach to Responsible Investment is grounded on the United Nations 6 Principles for institutional managers which seeks to contribute toward a more sustainable global financial system.

In addition, MIFL is committed to and supports the objectives of all 17 United Nations Sustainable Development Goals (SDGs). In 2020, to help focus our responsible investment ambitions, MIFL 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 assets under management, with an aim to seek improvement in the long term. In 2023, in recognition of its engagements on PAI 13 Board Gender Diversity, MIFL formalised its prioritisation of SDG 5 Gender Equality in its update of its Responsible Investment policy, as an additional prioritised SDG.

6.1 United Nations Principles for Responsible Investment

MIFL has been a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) since February 2023 and will complete its first public assessment in 2025.

6.2 Irish Association of Investment Managers

MIFL is represented on the ESG Committee of the Irish Association of Investment Managers, the industry body for the investment management industry in Ireland. The function of this committee, which meets monthly, is to provide discourse and context on how current ESG issues, such as regulation, are impacting investment managers in Ireland.



7. Historical comparison

MIFL has continuously monitored the performance of PAI indicators since December 2021. We note an improvement in two-thirds of the indicators, including all of MIFL'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.

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," MIFL 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.

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