



# ESG POLICY

iM Global Partner Asset Management

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# 1 OBJECTIVE

- 1.1. This Policy is placed under the rules of the EU regulation 2019/2088 of the 27th November 2019 (also referred to as “Sustainable Finance Disclosure Regulation” or “SFDR”) and its RTS (Regulatory Technical Standards).
- 1.2. ESG and Sustainability topics are, in general, an important element of investment management services. The guiding principles when making decisions in relation to these topics should (i) favour proposals that in iMGP AM’s view tend to maximize long term Client’s shareholder value, (ii) factor the ESG aspects depending on their materiality for the different sub-funds at least in terms of Risks (iii) has also with certain sub-managers put in place various investment strategies which promote environmental and social characteristics or have sustainable investment as objective.
- 1.3. iMGP AM defines, with the support of each sub-manager, how and when ESG criteria will be incorporated in the investment process and how this incorporation classified the managed sub-fund as Article 6, 8 or 9 according to SFDR regulation.

## 2 DETAILED RULES

### 2.1 GENERAL REMARKS

- (i) The responsibility to respect this Policy lies with the Funds pertains to the Management Company.
- (ii) The Management Company believes that taking into account ESG and sustainability aspects is a key aspect of security selection while taking into account that the materiality of specific actors highly varies among asset classes, sectors and individual companies.
- (iii) The Management Company believes in a diversity of approaches. We seek to identify the ESG and sustainability approach that is relevant for a particular asset class and consistent with the investment philosophy of a particular sub-Manager.
- (iv) The Management Company performs a specific review on the ESG topics, processes and controls during its annual Due Diligence review on the delegated sub-managers.
- (v) The Management Company delegates, under its supervision, the application of the ESG Policy to the designated sub-manager based on its own ESG Policy. This delegation is mentioned in the portfolio management agreement with the sub- manager. For Sub-managers managing sub-funds classified as Article 8 or Article 9, a detailed appendix is attached to this document.
- (vi) The Management Company will follow and monitor the taxonomy framework to be put in place in the context of SFDR.
- (vii) At the current state of art, there is no common series of factors and criteria to be used to evaluate how sustainable is an investment. Not having a common framework has led the Management Company to consider various approaches to identify and take into account sustainability risks, that may result in the application of different standards for each sub-fund. ESG factors are subject to the bias of the applicants, who adapt them in relation to different asset classes, portfolio constructions and investment objectives.
- (viii) Due to missing well-defined standards and to the existence of different approaches towards sustainable practices, ESG data is intrinsically based on a qualitative and discretionary assessment, who may cause the data to be inaccurate. Elements of subjectivity are part of the collection and interpretation of ESG data and this could contribute to making the comparison between ESG integrated strategies difficult. Investors should be aware of the fact that evaluation they may do on some types of ESG factors may be consistently different from the approach selected by a sub- manager.
- (ix) ESG criteria integration may also carry the risk of missing market opportunities when making decisions towards assets exclusion due to non-financial reasons.
- (x) Third-party providers of ESG data may apply different frameworks, who could lead to incomplete, inaccurate or unavailable data. This incertitude about data gathering may adversely affect portfolios relying on such data for the investment decision process.
- (xi) Sustainable finance framework and the consequent approaches are in an evolving stage, changes in investment decision-making processes that integrate ESG factors could occur over time, from incorporation of new data or technics or due to new regulatory developments.

## 2.2 APPLICABLE RULES

The Management Company has implemented, whatever the categorization of each sub-fund

- an exclusion list based on the exclusion of companies actively engaged in producing Controversial Weapons and international sanctions lists.
- Proxy Voting policy in place, taking into account ESG criteria for the sub-funds for which it is relevant.
- **Concerning the Principal adverse impacts (PAI)** which are defined as the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, the Manco will follow the iMGP Group CSR (Corporate Social Responsibility) policy.
  - (i) The applicable rules to each manager depend on which article the Management Company and each sub-manager have agreed to comply with in a particular sub-fund. Some portfolios include criteria that exclude investments in issuers with negative social or environmental impact or do not follow good governance practices. These criteria are binding and apply systematically to the entire portfolio (all securities, all asset classes except for index-based instruments (futures), received collateral, cash and derivatives (used for hedging purposes) and at all times. In case of a list update, a divestment period should be determined according to liquidity conditions. The timeline is expected to be similar to the one defined for resolving a passive breach, and still by respecting the best interest of the shareholders. One should note that this period may be slightly extended due to the market activity incurred by the changes of ESG classification on the concerned securities.
  - (ii) The ESG rules consists of exclusion policies as well as of eligibility criteria and rules are specific to each sub-fund. The sub-funds generally integrate material ESG factors as part of an evaluation of a company's financial risks, the level of integration depends on the asset class and the sub-manager.
  - (iii) Sub-funds categorized as article 6 categorization according to SFDR regulation  
The sub-manager may consider, during the fundamental research process environmental, social, and governance factors as part of an evaluation of a company's financial risks depending on the asset class and the investment philosophy. Such factors are however not limiting on the final decision of investment or portfolio construction.
  - (iv) Sub-funds categorized as article 8 according to SFDR regulation  
Some sub-funds combine exclusion and have a target on their ESG Quality score. Other sub-funds rely on a full ESG integration approach where each invested security will be subject to a thorough assessment based on a variety of ESG factors provided by external sources complemented by sub-Manager internal research. While the Sub-Manager may on a case-by-case basis retain instruments for the portfolio showing lower ESG characteristics, an important part of the portfolio shall be invested in

financial instruments considered by the Sub-Manager as showing high ESG characteristics according to the ESG policy.

- (v) Sub-fund categorized as article 9 according to SFDR regulation

The Sub-fund makes sustainable investments which contribute to environmental and social objectives. Such sustainable investments may include those as defined by the EU Regulation on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation") as Taxonomy-aligned investments.

The Sub-Manager selects shares in companies that provide solutions to critical social and environmental challenges that are facing the global population over the next few decades and which are falling within certain sustainable investment themes ("Sustainable Investment Themes"), which are at present: (1) cleaner energy, (2) environmental services, (3) resource efficiency, (4) sustainable transport, (5) water management, (6) education, (7) health, (8) safety and (9) well-being. In order to qualify for investment, at least half of the company's revenues must be derived from products and services with a positive social and/or environmental impact (as set out below) related to the Sub-fund's Sustainable Investment Themes.

From this universe the Sub-Manager uses a proprietary methodology to assess the impact 'intensity' of a company's products and services. The Sub-Manager selects stocks it perceives as promising i.e. those companies chosen as part of the universe that provide solutions to sustainability challenges falling within the Sustainable Investment Themes, and analyses the fundamentals of such companies (such as financial information and management commentary, as reported in quarterly or annual statements, press releases or other public venues) to determine the dimensions of their positive social and/or environmental product impact. Additionally, the Sub-Manager reviews the environmental, social and governance ("ESG") quality of the company's policies and practices as part of its investment process to identify business and management quality.

Based on the totality of this fundamental analysis, the Sub-Manager assesses the company's quality and suitability for the Sub-fund ensuring an investment in the company does not significantly harm the environmental or social investment objectives of the Sub-fund. For example, if the company is, in the Sub-Manager's view, exposed to excessive reputational risk, or has significant activity in areas that are not consistent with the investment philosophy of the Sub-fund, then it is unlikely to be selected for investment. Companies with persistently poor practices regarding equal employment opportunities, human rights and environmental management are highly unlikely to be selected for investment. If a company is considered particularly weak on any single metric in the fundamental analysis profile, scoring a zero, it will not be qualified for investment.

Every company in the portfolio goes through the afore mentioned analytical process.

## 2.3 REPORTING

- (i) Each sub-manager managing a sub-fund classified in the prospectus as Article 8 and/or Article 9 will maintain all the relevant reporting required by SFDR.
- (ii) The Management Company will ensure that these reports are made available on-time.
- (iii) Board of Directors is informed during regular board meeting about ESG topics.

# 3 APPENDICES

## 3.1 DEFINITIONS

<b><u>Board of Directors</u></b>	means the board of directors of a iMGP AM entity.
<b><u>Fund</u></b>	means investment collective scheme administered by iMGP AM.
<b><u>Management company</u></b>	means iM Global Partner Asset Management S.A. (“iMGP AM”).
<b><u>Officer(s)</u></b>	means the conducting officers of iMGP AM.
<b><u>SFDR</u></b>	means EU regulation 2019/2088 of the 27th of November 2019, also referred to as “Sustainable Finance Disclosure Regulation” and its RTS (Regulatory Technical Standards)
<b><u>PAI</u></b>	means Principal Adverse Impact which is defined as the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



## 3.2 LIST AND CLASSIFICATION OF SUB-FUNDS

iMGP SICAV:

#	Asset class	Sub-Fund	Categorisation		
			Article 6	Article 8	Article 9
1	Equity	GLOBAL CONCENTRATED EQUITY		x	
2	Equity	US VALUE		x	
3	Equity	SUSTAINABLE EUROPE			x
4	Equity	ITALIAN OPPORTUNITIES	x		
5	Equity	JAPAN OPPORTUNITIES		x	
6	Equity	US SMALL AND MID COMPANY GROWTH		x	
7	Bond	EUROPEAN CORPORATE BONDS		x	
8	Bond	EUROPEAN SUBORDINATED BONDS		x	
9	Bond	EURO FIXED INCOME		x	
10	Bond	US HIGH YIELD		x	
11	Bond	US CORE PLUS		X	
12	Mixed	ABSOLUTE RETURN GBP		x	
13	Mixed	MULTI-ASSET ABSOLUTE RETURN EUR		x	
14	Mixed	GLOBAL DIVERSIFIED INCOME		x	
15	Mixed	STABLE RETURN		x	
16	Mixed	DBi MANAGED FUTURES	X		
17	Fund of Fund	BALANCED STRATEGY PORTFOLIO USD	x		
18	Fund of Fund	BM ALTERNATIVOS	x		
19	Fund of Fund	GROWTH STRATEGY PORTFOLIO USD	x		
20	Fund of Fund	GLOBAL RISK-BALANCED	X		
21	Fund of Fund	RESPONSIBLE GLOBAL MODERATE		X	

SYZ Capital:

#	Asset class	Sub-Fund	Categorisation		
			Article 6	Article 8	Article 9
1	Fund of Fund	EQUITY HEDGE	x		
2	Fund of Fund	UNCORRELATED	x		

### 3.3 ESG POLICY OF BANQUE SYZ:

Scope:

- iMGP Multi Asset Absolute Return EUR
- iMGP Absolute Return GBP
- iMGP Global Diversified Income
- iMGP EURO Fixed Income

#### 3.3.1 Background

Bank SYZ Ltd (Switzerland) has integrated Responsible Investing in its Wealth Management functions in July 2020. The management teams are not only convinced that integrating ESG risks in the investment process creates a long-term value and strongest performance for our clients. We recognize that finance has a huge role to play in the energy transition and can influence positive changes.

Bank SYZ Ltd (Switzerland) has decided to strengthen research by excluding companies and sectors not compatible with our views on sustainable development.

#### 3.3.2 Exclusions scope

##### **CONTROVERSIAL BEHAVIOR:**

Any company in breach with the United Nations Global Compact principles and with a corruption score less than 20 as calculated by Transparency.org

Companies placed in « Watch List » are subject to the approval of the ESG Committee.

For non-rated companies, the sub-Manager assesses if the company has been delisted for failure to report or if the company faces controversies within the OECD & UNGC principles.

##### **CONTROVERSIAL WEAPONS:**

Cluster munitions, anti-personal mines, landmines, depleted uranium, biological/chemical weapons, nuclear weapons.

Exclusion applied to companies not complying the international treaties. Bank SYZ Ltd (Switzerland) refers to the Robeco Exclusion List.

##### **COAL AND THERMAL COAL:**

Companies that derive more than 25% of their revenues from thermal coal extraction unless a transition plan towards renewable is in place and no other breaches within Norms, Environment, Social or Governance is observed.

In addition, to strengthen research using as reference the Coal Exit List (Urgewald), companies figuring in this list will be subject to the ESG Committee's approval.

**RATINGS:**

securities with the following characteristics are excluded from the portfolio managers' universe: CCC & B rated\*

\*With very severe controversies

\*Not compliant with the UN Global Compact principles\*

\*As defined by MSCI ESG Research LLC

### 3.3.3 Companies not rated by MSCI.

If a company is not rated by MSCI, we evaluate if its revenues and activity are compliant with:

- **Environmental impact:** water-stressed, de-forestation, natural reserves, biodiversity at the country and sector level. Paris Agreement aligned
- **Social:** child labor and hazardous working conditions at the country and sector level (ILO official list)
- **Health & safety:** policies and training, number of fatalities within the employees and suppliers, controversies
- **Commitment:** signatory of Human and Labor conventions.
- **Bribery & corruption:** not hold government debt or state-owned companies issued by countries having a corruption score <20 on the Transparency International list. Training and Code of Conduct.
- **Transparency:** we evaluate if the company has a Corporate Sustainable Report that addresses clear targets and measures, risk assessments, involvement of parties
- **Suppliers:** Policies, regular audits and business involvement in high-risk regions or sector

### 3.3.4 ESG & carbon Intensity objective

iMGP Absolute Return GBP, iMGP Multi-Asset Absolute Return EUR, iMGP Global Diversified Income portfolios seek to achieve an ESG Quality score as measured by the Sub- Manager methodology in the first tercile (ie at least equal to 6.67 on a range from 0 to 10).

The iMGP EURO Fixed Income portfolio seeks to achieve an ESG Quality score as measured by the Sub-Manager methodology at least equal to the ESG Quality score of its reference index, the Bloomberg Barclays Euro Agg Total Return index.

ESG Quality Score is calculated using MSCI data and methodology and is the fund compounded score adjusted by industry, momentum and overall rating distribution. Cash and derivatives are excluded from this MSCI analysis.

**Investment funds & ETFs** with strong ESG characteristics are allowed and subject to our internal rules of selection. Those funds are officially recommended by the Bank and subject to constant monitoring, regular due diligences.

The carbon intensity is also monitored versus the assigned benchmark or reference index. For strategies that do not have an assigned benchmark or reference index, the ESG rating and the carbon intensity are monitored on an absolute basis.

The sub-manager has the ability to invest up to 20% within MSCI non-rated companies, subject to the approval of the ESG Committee. The companies are reviewed at least every 3 months. In the event a severe breach would be observed, the Portfolio Manager has one month to disinvest (equities) and up to three months (bonds)

### 3.4 ESG POLICY OF WHEB AM:

Scope:

- iMGP Sustainable Europe

#### OVERVIEW & PURPOSE

WHEB Asset Management is a boutique investment business that is wholly focused on sustainable and impact investing. The essential philosophy underpinning the strategy is that high quality companies which provide solutions to society's most pressing needs and challenges will generate superior financial returns over the long-term.

WHEB believes that responsible investment practices incorporating an assessment of environmental, social and governance (ESG) factors adds long-term sustainable value for investors by mitigating risk and positively influencing long-term financial performance. WHEB's focus is to create long-term value for investors through a small number of high conviction products. The purpose of this ESG Policy is to define WHEB's approach to integrating the consideration of ESG factors into its investment analysis and decision-making processes.

#### SCOPE & APPLICATION

This Policy applies to the iMGP Sustainable Europe portfolio, to the extent reasonably practical and relevant for each individual investment.

#### ENVIRONMENTAL, SOCIAL & GOVERNANCE GUIDELINES

Implementation of this Policy is aimed at understanding ESG risks and opportunities that are material to a given investment. These factors will vary by company and sector. Typical ESG factors that may be reviewed and analysed for particular investment opportunities may include, but are not limited to, the following:

**Environmental:** examine how an issuer contributes to environmental challenges (e.g. energy consumption, waste, pollution, reduction of greenhouse gas emissions, combating resource depletion and deforestation, protection of biodiversity and climate change).

WHEB takes a systematic approach to considering the risks and opportunities presented by these environmental issues. For example, several of WHEB's investment themes directly relate to climate change. Investments in these themes will, WHEB believes, strongly benefit from efforts to reduce carbon emissions in line with the targets set out in the Paris Agreement. These include companies involved in renewable energy generation, energy efficiency in buildings and transport, pollution control, water and wastewater treatment and solid waste management and recycling. In addition to focusing investments on businesses that are set to benefit from an increased focus on carbon emissions across the economy, we also seek to manage carbon risk by avoiding highly carbon exposed sectors.

**Social:** analyse how a company develops its human capital by referring to fundamental principles that are universal in scope (e.g. human resources management, diversity and equal opportunities, working conditions, health and safety).

**Governance:** assess the effectiveness of management in initiating a process of collaboration among the various stakeholders, aimed at ensuring the pursuit of long-term objectives and consequently the long-term value of the company (e.g. executive compensation, tax strategy and practices, anti-corruption and abuse of office, diversity and Board structure).

Within the actual investment process, sustainable investment is integrated into WHEB's approach to research, stock selection and engagement, based on three interlinked beliefs, as follows:

- Sustainability is creating new growth markets
- A long-term, fundamental approach to stock selection leads to out-performance
- Analysis which integrates ESG factors enables better stock selection.

### ***Screening and Exclusionary Practices***

WHEB selects shares in companies that provide solutions to critical social and environmental challenges that are facing the global population over the next few decades and which are falling within certain sustainable investment themes ("Sustainable Investment Themes"), which are at present: (1) cleaner energy, (2) environmental services, (3) resource efficiency, (4) sustainable transport, (5) water management, (6) education, (7) health, (8) safety and (9) well-being. In order to qualify for investment, at least half of the company's revenues must be derived from products and services with a positive social and/or environmental impact (as set out below) related to the Sub-fund's Sustainable Investment Themes.

WHEB uses an "impact engine" tool, an analytical tool proprietary to the Sub-Manager that rates the overall impact 'intensity' of the products and services offered by companies. This tool captures the different dimensions of positive impact that are created by products and services and provides an overall impact intensity rating for the company as a whole. A second step in the investment process assesses the overall quality of the business including how it manages critical environmental, social and governance (ESG) issues. The two dimensions are plotted together on an 'Impact Map' with the fundamental quality rating on the y-axis and the impact intensity rating on the x-axis. Only companies with a positive impact are considered for investment by the Funds. More than 80% of listed companies do not receive positive scores in the impact engine and are therefore not candidates for investment: <https://impact.whebgroup.com/impact-map/>

Further information on the methodology behind the impact mapping is set out in WHEB's Impact Measurement Methodology. This details the methodology used by WHEB in respect of the Funds to collate and calculate the positive impact associated with Funds' investment strategy, including:

- WHEB's use of data and its data sources (in particular see sections "Calculating company impact" and "Further calculations and assumptions");
- screening criteria for the underlying assets (in particular see sections "The 'impact engine' - assessing the impact of products and services" which is also described above and "Assessing the quality of company policies and practices"); and
- the relevant Sustainable Investment Themes used to measure the overall sustainable impact of the Funds (in particular see section "WHEB's investment themes and the UN Sustainable Development Goals").

The ***Impact Measurement Methodology*** can be found in full at:

<https://impact.whebgroup.com/media/2020/06/WHEB-Impact-Measurement-Methodology.pdf>

## **ESG INTEGRATION PROCESS**

### ***Due Diligence***

Across WHEB's range of investment management activities, the approach is to:

1. Integrate ESG issues into the investment analysis and decision-making processes: WHEB does not utilise ESG ratings in the analysis, instead it builds bespoke profiles that factor material ESG issues into the overall analysis of a company.
2. Be active owners and integrate ESG issues into ownership policies and practices: the team regularly meets and discusses ESG issues with company management.
3. Encourage appropriate disclosure on ESG issues by entities in which WHEB invests: WHEB believes that clear communication of policies and performance on material ESG related issues is of great value in enabling investors and other stakeholders to have a clear, holistic understanding of a business and its future prospects.

## **Portfolio construction**

The Sub-fund makes sustainable investments which contribute to environmental and social objectives. Such sustainable investments may include those as defined by the EU Regulation on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation") as Taxonomy-aligned investments. The number of taxonomy-aligned investments which contribute to the environmental objectives of climate change mitigation or climate change adaptation would initially be set at 5%. This figure will be kept under review and we would expect it to increase significantly as more data becomes available.

As noted above, WHEB selects shares in companies that provide solutions to critical social and environmental challenges that are facing the global population over the next few decades and which are falling within certain sustainable investment themes.

From its investment universe, WHEB uses a proprietary methodology to assess the impact 'intensity' of a company's products and services. WHEB selects stocks it perceives as promising, i.e. those companies chosen as part of the universe that provide solutions to sustainability challenges falling within the Sustainable Investment Themes, and analyses the fundamentals of such companies (such as financial information and management commentary, as data reported in quarterly or annual statements, press releases or other public venues) to determine the dimensions of their positive social and/or environmental product impact. Additionally, WHEB reviews the environmental, social and governance ("ESG") quality of the company's policies and practices as part of its investment process to identify business and management quality.

WHEB assesses the company's quality and suitability for the Sub-fund ensuring an investment in the company does not significantly harm the environmental or social investment objectives of the Sub-fund. For example, if the company is, in WHEB's view, exposed to excessive reputational risk, or has significant activity in areas that are not consistent with the investment philosophy of the Sub-fund, then it is unlikely to be selected for investment. Companies with persistently poor practices regarding equal employment opportunities, human rights and environmental management are highly unlikely to be selected for investment. If a company is considered particularly weak on any single metric in the fundamental analysis profile, scoring a zero, it will not be qualified for investment.

## *Engagement*

WHEB's engagement activity with companies is driven fundamentally by a desire to understand them better, and to advocate for practices that we believe will help secure the company's long-term success. The investment team scrutinises governance practices as a core part of the investment process and uses voting powers to push for better practices. Where WHEB votes against or abstains on a company vote, WHEB writes to the company to explain the reasons for doing so. Engagement also takes place outside the context of company voting. The team regularly meet with company management.

Where there are ESG related concerns, WHEB raises these directly with management either in face-to-face meetings or through correspondence. WHEB also engages collaboratively with other investors where they believe that a broader approach is more likely to secure a positive response from management. Further information on the engagement activity is covered in the Stewardship and Engagement Policy and in the annual Stewardship report.

## **GOVERNANCE**

WHEB's investment team is required to consider ESG issues as a core part of the fundamental stock analysis process.

## **REPORTING**

WHEB's objective is to build a relationship of trust with the clients, co-investors and other partners based on open and honest communication. WHEB aims to be innovative and transparent in their approach, working collaboratively to promote more responsible investment practices across the financial community. WHEB seeks to:

- Promote responsible investment practices through collaborative initiatives;
- Report on our activities and progress in implementing this policy; and
- Periodically review and update this policy in light of new developments in the practice of responsible investment.

Further information on our approach and performance as regards responsible investment is available through:

- Quarterly client reports
- Summary minutes of our tri-annual Independent Advisory Committee Meetings;
- An annual Impact Report and investor conference; and
- Regular publication of our full portfolio holdings



## 3.5 ESG POLICY OF DYNAMIC BETA INVESTMENT:

Scope:

- iMGP Stable Return

### OVERVIEW & PURPOSE

Dynamic Beta (“the Firm”) believes that responsible investment practices incorporating an assessment of environmental, social and governance (ESG) factors adds sustainable value for our investors by mitigating risk and positively influencing long-term financial performance, consistent with our fiduciary duty. The purpose of this ESG Policy (“Policy”) is to define Dynamic’s Beta approach to integrating the consideration of ESG factors into its investment analysis and decision-making processes.

### SCOPE & APPLICATION

This Policy applies to the iMGP Stable Return UCITS portfolio, to the extent reasonably practical and relevant for each individual investment. As the Sub-fund implements its strategy using financial derivative instruments, the non-derivatives portfolio consists mainly of high-quality debt issues, cash or time deposits, money market instruments and money market funds (the latest to be included in the 10% limit in UCITS and/or other UCI).

### ENVIRONMENTAL, SOCIAL & GOVERNANCE GUIDELINES

#### *Screening and Exclusionary Practices*

As part of Dynamic Beta’s assessment of potential investment opportunities for its iMGP Stable Return UCITS portfolio, Dynamic Beta is committed to excluding certain issuers with negative social or environmental impact are excluded from the investment universe of the Sub-fund. For example, the following companies or securities shall be excluded from the Sub-Manager selection:

- 1- Companies or bonds issued by countries that are assessed to be non-compliant with the United Nations Global Compact Principles
- 2- Companies or bonds issued by countries which have a low rating or are subject to severe ESG controversies depending on data provided by external providers or Sub-Manager internal research
- 3- Companies that derive more than 5% of their revenues from thermal coal extraction unless a transition plan towards renewable energy is in place and no other breach within Norms, Environment, Social or Governance is observed.
- 4- Companies identified as producing controversial weapons
- 5- Exposure to commodities by means of eligible indices and transferable securities including through derivatives.

Dynamic Beta screens potential investments to identify and exclude issues with known instances of corruption, as well as transparency, ethics, or other human rights violations that significantly harm society.

### ESG INTEGRATION PROCESS

#### **Portfolio construction**

Each invested security in the non-derivatives portfolio will be subject to a thorough assessment based on a variety of ESG factors provided by external sources and possibly complemented by Sub-Manager internal research.

Regarding government issuers, the methodology which is used relies on UN SDGs alignment through a score from 0 to 100. The portfolio securities score (excluding financial derivative instruments) should be higher than the average of the relevant issuers’ universe.

All Countries are ranked by their overall score. The overall score measures the total progress towards achieving all 17 SDGs. Sustainable Development Report helps to study and consider how countries are managing issues such as No poverty, Gender Equality and Life on land.

In particular, [the 2030 Agenda for Sustainable Development](#), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now

and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests.










Dynamic Beta only considers Government issuers above 70 according to the ranking of the UN SDG.



# SUSTAINABLE DEVELOPMENT GOALS



## 2022 SDG Index ranking and score

	Rank	Country	Score	Rank	Country	Score
	1	Finland	86.5	42	Bulgaria	74.3
	2	Denmark	85.6	43	Cyprus	74.2
	3	Sweden	85.2	44	Thailand	74.1
	4	Norway	82.3	45	Russian Federation	74.1
	5	Austria	82.3	46	Moldova	73.9
	6	Germany	82.2	47	Costa Rica	73.8
	7	France	81.2	48	Kyrgyz Republic	73.7
	8	Switzerland	80.8	49	Israel	73.5
	9	Ireland	80.7	50	Azerbaijan	73.5
	10	Estonia	80.6	51	Georgia	73.4
	11	United Kingdom	80.6	52	Fiji	72.9
	12	Poland	80.5	53	Brazil	72.8
	13	Czech Republic	80.5	54	Argentina	72.8
	14	Latvia	80.3	55	Vietnam	72.8
	15	Slovenia	80.0	56	China	72.4
	16	Spain	79.9	57	North Macedonia	72.3
	17	Netherlands	79.9	58	Peru	71.9
	18	Belgium	79.7	59	Bosnia and Herzegovina	71.7
	19	Japan	79.6	60	Singapore	71.7
	20	Portugal	79.2	61	Albania	71.6
	21	Hungary	79.0	62	Suriname	71.6
	22	Iceland	78.9	63	Ecuador	71.5
	23	Croatia	78.8	64	Algeria	71.5
	24	Slovak Republic	78.7	65	Kazakhstan	71.1
	25	Italy	78.3	66	Armenia	71.1
	26	New Zealand	78.3	67	Maldives	71.0
	27	Korea, Rep.	77.9	68	Dominican Republic	70.8
	28	Chile	77.8	69	Tunisia	70.7
	29	Canada	77.7	70	Bhutan	70.5
	30	Romania	77.7	71	Turkey	70.4
	31	Uruguay	77.0	72	Malaysia	70.4
	32	Greece	76.8	73	Barbados	70.3
	33	Malta	76.8	74	Mexico	70.2
	34	Belarus	76.0	75	Colombia	70.1
	35	Serbia	75.9	76	Sri Lanka	70.0
	36	Luxembourg	75.7	77	Uzbekistan	69.9
	37	Ukraine	75.7	78	Tajikistan	69.7
	38	Australia	75.6	79	El Salvador	69.6
	39	Lithuania	75.4	80	Jordan	69.4
	40	Cuba	74.7	81	Oman	69.2
	41	United States	74.6	82	Indonesia	69.2

83	Jamaica	69.0	124	Rwanda	59.4
84	Morocco	69.0	125	Pakistan	59.3
85	United Arab Emirates	68.8	126	Senegal	58.7
86	Montenegro	68.8	127	Cote d'Ivoire	58.4
87	Egypt, Arab Rep.	68.7	128	Ethiopia	58.0
88	Iran, Islamic Rep.	68.6	129	Syrian Arab Republic	57.4
89	Mauritius	68.4	130	Tanzania	57.4
90	Bolivia	68.0	131	Zimbabwe	56.8
91	Paraguay	67.4	132	Mauritania	55.8
92	Nicaragua	67.1	133	Togo	55.6
93	Brunei Darussalam	67.1	134	Cameroon	55.5
94	Qatar	66.8	135	Lesotho	55.1
95	Philippines	66.6	136	Uganda	54.9
96	Saudi Arabia	66.6	137	Eswatini	54.6
97	Lebanon	66.3	138	Burkina Faso	54.5
98	Nepal	66.2	139	Nigeria	54.2
99	Turkmenistan	66.1	140	Zambia	54.2
100	Belize	65.7	141	Burundi	54.1
101	Kuwait	64.5	142	Mali	54.1
102	Bahrain	64.3	143	Mozambique	53.6
103	Myanmar	64.3	144	Papua New Guinea	53.6
104	Bangladesh	64.2	145	Malawi	53.3
105	Panama	64.0	146	Sierra Leone	53.0
106	Guyana	63.9	147	Afghanistan	52.5
107	Cambodia	63.8	148	Congo, Rep.	52.3
108	South Africa	63.7	149	Niger	52.2
109	Mongolia	63.5	150	Yemen, Rep.	52.1
110	Ghana	63.4	151	Haiti	51.9
111	Lao PDR	63.4	152	Guinea	51.3
112	Honduras	63.1	153	Benin	51.2
113	Gabon	62.8	154	Angola	50.9
114	Namibia	62.7	155	Djibouti	50.3
115	Iraq	62.3	156	Madagascar	50.1
116	Botswana	61.4	157	Congo, Dem. Rep.	50.0
117	Guatemala	61.0	158	Liberia	49.9
118	Kenya	61.0	159	Sudan	49.6
119	Trinidad and Tobago	60.4	160	Somalia	45.6
120	Venezuela, RB	60.3	161	Chad	41.3
121	India	60.3	162	Central African Republic	39.3
122	Gambia, The	60.2	163	South Sudan	39.0
123	Sao Tome and Principe	59.4			



## GOVERNANCE

Dynamic Beta's Investment team and Compliance team are responsible for setting policy and standards for responsible investment processes through the maintenance of this Policy, and associated implementation tools, as well as monitoring the adherence to this policy.

### 3.6 ESG POLICY OF POLEN CAPITAL MANAGEMENT & POLEN CAPITAL CREDIT

Scope:

iMGP US Small and Mid-Company Growth

#### OVERVIEW & PURPOSE

Polen Capital is committed to honesty, integrity and ethical practices in all aspects of its business. Integrating environmental, social and corporate governance (“ESG”) considerations into the day-to-day operations and business decisions is a fundamental part of that commitment.

The purpose as a firm, or the “why,” rests on three pillars—clients, colleagues, and community. Through the investment strategies, Polen Capital seeks to provide clients with financial security and peace of mind. Employees are the key to achieving the mission and delivering on promise to clients, and Polen Capital focuses on creating an empowering environment where colleagues can be their best selves and continuously grow. Polen Capital strongly believe this is essential to creating value for the firm and stakeholders, and to developing a more sustainable and successful long-term strategy for the business. As part of a comprehensive assessment of all company risks and opportunities, Polen Capital integrates relevant and material environmental, social and governance factors into the analysis.

The business philosophy extends to the portfolios to fulfill the mission - to preserve and grow client assets to protect their present and enable their future. Polen Capital specializes in the management of high-conviction, concentrated portfolios of companies having the following characteristics:

- **Quality:** Competitively advantaged businesses sustainably delivering value through differentiated products/services and a strong culture
- **Growth:** Secular growth companies sustainably delivering organic revenue and attractive long-term earnings per share growth
- **Long-term:** Companies that share long-term, business owner’s mindset in management and strategy around sustainability

Through our distinctive growth and income solutions we aim to fulfill our mission to preserve and grow our client assets, to protect their present and enable their future. Our philosophy is to build high conviction and competitively advantaged portfolios and invest for the long-term with patience and discipline, harnessing the power of compounding returns.

At Polen Capital, we view ESG integration as a holistic assessment of the relationships a company has with its key stakeholders and its ability to serve them now, and into the future. We believe businesses that thoughtfully balance the interests of key stakeholders, including employees, customers, suppliers and other business partners, communities, and the environment, while uniquely delivering the value they seek are positioned to deliver sustainable outcomes. The consideration of material ESG factors in our investment process is aligned with our fiduciary duty and supports our aim to deliver attractive risk-adjusted returns to our clients.

The Investment team and Compliance team are responsible for setting policy and standards for responsible investment processes through the maintenance of this Policy, and associated implementation tools, as well as monitoring the adherence to this Policy.

#### ENVIRONMENTAL, SOCIAL & GOVERNANCE GUIDELINES

In seeking to identify companies that foster environmental and/or social characteristics by pursuing a positive stakeholder agenda, Polen Capital commits to assess several proprietary business matters which are indicators of companies serving well the environment, their customers, employees, shareholders, communities, suppliers and other business partners. These include but are not limited to, relationships with customers, relationships with employees, product / service quality, and carbon

emissions / climate change initiatives.

In order to invest in companies that follow good governance practices and exclude companies that do not follow good governance practices Polen Capital identifies, assesses and monitors several proprietary business matters that it believes are important to assessing whether a company has good governance in its view, including but not limited to what it considers sound management structures, management of employee relations, management of remuneration of staff, and tax compliance.

### **Approach to Exclusions**

Polen Capital does not invest directly in:

- Companies deriving 25% or more of their revenues from:
  - (i) adult entertainment production,
  - (ii) small arms,
  - (iii) tobacco production, and
  - (iv) thermal coal.
- Companies that it believes do not follow good governance (ESG) factors as part of a comprehensive evaluation of a company's financial risks practices, and
- Companies identified as producing controversial weapons.

### **ESG due diligence**

ESG analysis is embedded within Polen Capital's fundamental analysis. It is part of the comprehensive review of a company to gain a thorough understanding of the company's business model, margin of safety, growth prospects, industry dynamics and management quality. Polen Capital assess the value of the company through the eyes of key stakeholders and determine whether the business is positioned to offer similar or ideally stronger value to key stakeholders over time. The assessment is based upon a thorough understanding of a business's value proposition, its competitive advantages and financial strength, and the initiatives that management has in place to both enhance value and to mitigate risks. As part of the decision-making process for this portfolio, Polen Capital considers material ESG factors within its fundamental research process, leveraging external ESG data and in-house qualitative assessment to identify potential material risk factors.

Each member of the investment team is responsible for ESG research and implementing it into the investment process. ESG is fully integrated into the investment process and executed by all investment team members. ESG analysis is part of the fundamental analysis of Polen Capital. It is part of the comprehensive review of a company to gain a thorough understanding of the company's business model, margin of safety, growth prospects, industry dynamics and management quality. Polen Capital supplements the internal research with the company ESG ratings and research from a third-party ESG data provider that measures a company's exposure to and management of ESG risks, to ensure the full accountability for potential risks and to provide a signal for an additional review when the Company observes a significant difference from internal analysis. Ultimately, it relies on its own evaluation of the company to form the investment decision.

### **Engagement**

Polen Capital exercises an active ownership through engagement and proxy voting across all the portfolios. As long-term owners in the companies in which Polen Capital invests, engagement on material issues may occur over an extended time frame.

Polen Capital believes proxy voting is a powerful tool that gives the opportunity to directly influence corporate policy in a way believes will maximize shareholder value. The investment team members undertake close review and consideration of all proxy votes for governance matters and shareholder proposal topics.

To assist the review, the Company subscribes to a third-party service from Institutional Shareholder Services (ISS) for research and recommendations on proxy issues. Specifically, Polen Capital utilizes ISS's Sustainability Voting Guidelines, which support positive corporate ESG actions that promote practices that present new opportunities or mitigate related financial and reputational risks. Votes typically align with the guidance from the ISS Sustainability Voting Guidelines, but the investment team makes the final determination.



Scope:

iMGP US High Yield

## **OVERVIEW & PURPOSE**

Polen Credit is committed to honesty, integrity and ethical practices in all aspects of its business. Integrating environmental, social and corporate governance (“ESG”) considerations into the day-to-day operations and business decisions is a fundamental part of that commitment.

The purpose as a firm, or the “why,” rests on three pillars—clients, colleagues, and community. Through the investment strategies, Polen seeks to provide clients with financial security and peace of mind. Employees are the key to achieving the mission and delivering on promise to clients, and Polen focuses on creating an empowering environment where colleagues can be their best selves and continuously grow. Clients and colleagues also make up the very fabric of our communities, and Polen is dedicated to bettering the environments in which we work and live. Polen strongly believe this is essential to creating value for the firm and stakeholders, and to developing a more sustainable and successful long-term strategy for the business. Polen Credit believes that management of ESG issues is connected to a company’s financial sustainability. As part of a comprehensive assessment of all company risks and opportunities, Polen Credit integrates relevant and material environmental, social and governance factors into the analysis.

## **SCOPE & APPLICATION**

This Policy applies to the IMGP US High Yield UCITS portfolio, to the extent reasonably practical and relevant for each individual investment.

## **ENVIRONMENTAL, SOCIAL & GOVERNANCE GUIDELINES**

Polen Credit endeavours to identify material ESG factors that may contribute to financial downside (in particular, significant event risks that can negatively affect an issuer’s creditworthiness and therefore its ability to meet its ongoing fixed income principal and interest obligations) within its bottom-up fundamental analysis of each fixed income investment opportunity. Through the use of both internal research as well as from external sources, the Sub-Manager integrates various ESG considerations into its investment research and portfolio construction process.

Specifically, as it relates to the environment, the Sub-Fund promotes efforts to limit the carbon footprint of the portfolio by seeking to maintain a lower average estimated carbon intensity as compared to the broad investable U.S. high yield fixed income universe. In addition, the Sub-Fund has implemented certain ESG exclusion procedures with respect to certain issuers and industries. Notably, the Sub-Manager does not invest directly in:

1. companies that derive a material portion of their earnings from sales of controversial weapons as determined by the Sub-Manager in good faith;
2. companies that derive a material portion of their earnings from the sale of tobacco products as determined in good faith by the Sub-Manager; and
3. companies that derive material portion of their earnings from thermal coal mining as determined in good faith by the Sub-Manager.

## **ESG INTEGRATION PROCESS**

For the purpose of attaining environmental and social characteristics of the Sub-Fund, the Sub-Manager has committed to integrating ESG into its security analysis and selection process. Specifically, the Sub-Manager will monitor ESG ratings of each issuer in the Sub-Fund either as provided by a globally recognized third party rating agency or as otherwise assigned by the Sub-Manager itself when such ratings are not available. Based on these inputs, the Sub-Manager will calculate and provide a consolidated ESG rating for the portfolio.

ESG Ratings, as determined by a third-party rating agency, calculate each company’s exposure to key

ESG risks based on a granular breakdown of a company's business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production.

The analysis then considers the extent to which a company has developed robust strategies and demonstrated a strong track record of performance in managing its specific level of risks or opportunities. Ongoing or structural controversies occurring within the last three years lead to a deduction from the overall management score on each issue.

ESG Ratings identify six to ten key ESG issues where companies in that industry currently generate large environmental or social externalities; these are issues where some companies may be forced to internalize unanticipated costs associated with those externalities in the future. Corporate Governance is assessed for all companies.

The Sub-Manager utilizes a similar methodology when calculating an ESG rating for an issuer not otherwise covered by the third-party rating agency. In addition, the Sub-Manager will monitor the carbon intensity of individual issuers (where such information is available) as well as the estimated carbon intensity of the Sub-Fund's portfolio in the aggregate. The Sub-Manager seeks to achieve a portfolio with a lower estimated carbon intensity than that of the broad high yield fixed income investable universe, as represented by US Non-Financial High Yield benchmark, as measured by the Sub-Manager methodology.

### **Due Diligence**

As part of the decision-making process for this portfolio, Polen Credit considers material ESG factors within its fundamental research process, leveraging external ESG data and in-house qualitative assessment to identify potential material risk factors.

### **Engagement**

Polen Credit believes that issuer engagement as a debt holder tends to be more indirect when compared to that of an equity owner. While an equity owner can ultimately vote (and accordingly replace) the members of a portfolio company's board of directors, the opportunities to actively engage as a fixed income investor tend to occur around events such as new debt issuances and corporate restructurings. In such cases, depending on the size of the position held by funds and/or accounts managed by Polen Credit relative to the total class of debt, Polen Credit may be able to exert some degree of influence over an issuer, particularly with respect to governance and reporting issues but also more broadly environmental and social issues as appropriate. Polen Credit's active approach to fixed income investing generally includes frequent interaction with company management, as Polen Credit seeks to keep an open line of communication with respect to actions that could negatively impact the value of the investment made on behalf of its clients. While Polen Credit does not always agree with the policies implemented by an issuer's management, Polen Credit believes that remaining active and engaged will typically result in more constructive, long-term relationships surrounding topical issues, including ESG concerns

### **GOVERNANCE**

Polen Credit's Investment team and Compliance team are responsible for setting policy and standards for responsible investment processes through the maintenance of a Responsible Investment Policy, and associated implementation tools, as well as monitoring the adherence to such Responsible Investment Policy.



## 3.7 ESG POLICY OF SCHARF INVESTMENTS

Scope:

- iMGP US Value
- iMGP Global Concentrated Equity

For nearly 40 years, Scharf Investments has integrated environmental, social and governance (ESG) considerations into the work we do to preserve and grow capital for institutional and individual investors. Since our founding amidst the redwood trees of California's Central Coast, our investment process has focused on quality-specially, sustainable earnings over an economic cycle-and risk mitigation-modelling downside risk as much as upside returns and demanding a spread between value and price. As a result, we believe this creates portfolios of sustainable businesses with compelling Carbon and ESG Risk scores. We believe buying high quality companies at compelling valuations is foundational to long-term investment success.

### ESG Guiding Principles

We believe:

- Companies that score well on ESG metrics tend to be less risky and have more durable earnings growth.
- Combining ESG risk factors with rigorous, fundamental investment analysis improves the chances for superior risk-adjusted returns for our clients.
- Superior corporate financial performance is often associated with superior environmental and social performance, and best-in-class governance practices often indicate top management and leadership.
- Buying high quality companies at compelling valuations in foundational to long-term investment success.

### ESG Oversight and Governance

We do not believe ESG research considerations should be primarily reviewed by a dedicated ESG research team. Given our strategy, we believe it is more effective and holistic to fundamentally integrate ESG into each step of the research and portfolio management process. The covering analyst leads research on company, specific ESG risk and leverages our ESG Committee for assistance. The ESG Committee focuses in corporate and industry ESG trends, best practices, and issues.

The ESG Committee reports to our Investment Risk Committee as we recognize the benefits of a separate ESG oversight function that seeks to measure and manage risk and promote aggregate ESG outcomes via formal ESG policies regarding proxy voting, portfolio reporting and company engagement.

Meanwhile, we strongly believe that portfolio decisions are made solely by the investment team.

## ESG Integration Framework

Our approach to ESG integration is comprised of three distinct components:



### Investment Approach

At Scharf Investments, the investment thesis and fundamental valuation opportunity comes first. We do not screen solely on Carbon and ESG Risk scores, but we do seek to build a portfolio with compelling aggregate metrics. ESG incorporation is part and parcel to a proper assessment of an investment's risk and opportunity.

#### *Security Selection*

The investment team conducts deep research on portfolio candidates and seeks to identify companies with top quartile earnings predictability at attractive valuations vs. their trading histories, industry peers or the broad equity market. Specially, the team seeks to find stocks that offer 30%+ upside to our assessment of fair value and, as importantly, only 10-15% downside to a bear case of scenario. The team constructs Favorability Ratios, or the percentage upside to bull case price target vs. the percentage downside to bear target, seeking ratios of 3-to-1 or greater for portfolio inclusion. The team believes that the combination of earnings predictability and attractive valuations mitigates risk and promotes superior portfolio performance during adverse markets.

The incorporation of ESG issues is fundamental to the team's assessment of earnings predictability and downside risk. The minority of companies with higher Carbon or ESG Risk scores or severe ESG controversies generally require a Favorability Ratio of 4-to-1. Analysts individually utilize the extensive database of ESG research and score ratings from Sustainalytics, findings from our ESG Committee, ESG standards organizations, company filings, management meetings, and industry reports to incorporate into an investment case, our proprietary earnings forecast and an appropriate target valuation. An ESG analysis is included in each stock research report with an emphasis on matters most relevant to the company and its inherent industry financial ESG risk factors.

Research reports for candidates with severe ESG controversies or high Carbon or ESG Risk scores require additional review by the Investment Risk Committee. The investment case must include a detailed assessment of ESG issue and present a firm view of the issues as well as justification for purchasing despite the risks.

### ***Portfolio Construction***

The investment team desires to construct a portfolio with compelling aggregate Carbon and ESG Risk Scores. Specially, the team seeks to construct a portfolio with a Carbon score lower than 10 on scale from 0 (negligible) to 50+ (severe).

Historically, the investment team's predilection for high earnings predictability and sustainability businesses has resulted in portfolios with relatively lower carbon risk measures. Portfolios have historically been intentionally under-indexed to energy stocks and cyclical industries characterized by high Score 1 and 2 commissions.

Portfolios historically have been over-indexed to sectors and industries associated with lower carbon scores such health care, software, communication and business services.

### **Portfolio Monitoring**

The investment team and ESG committee are continuously monitoring portfolio holdings using company filings, news flow, buy-side and sell-side research, and ESG Risk and Carbon scoring and research databases from Sustainalytics.

Portfolio companies with poor Carbon or ESG Risk scores, trends or severe controversies are flagged and added to our ESG Watch List by the ESG Committee. As of 30 September 2021, only one position representing 4.5% of portfolio exposure has a High ESG Risk score.

Covering analysts work with the ESG committee to assess the magnitude and cause of the poor ESG performance and clearly outline the firm's position on the matter in stock research reports and for the Watch List. Analysts and the ESG Committee may engage with the company's management on the ESG issue to gain further information or clarification. If the company or an external ESG research service provider such as ISS or Sustainalytics has already published a company's public response, it may replace this engagement.

### **Active Ownership Engagement**

Scharf Investments has taken corporate governance seriously since our inception. We believe engagement with management can promote positive ESG outcomes and pay special attention to minority shareholder rights, board independence, executive compensation, and management's capital allocation track record. We are not activist investors, but we seek to invest in companies with management teams who act in the best interest of shareholders. As social and environmental issues are increasingly scrutinized and present financial risk to our client's investments, we actively monitor them and assess and engage with management accordingly. To further our capacity to engage, we also use Sustainalytics' Material Risk Engagement service as a supplement to our management engagement activities.

To further our capacity to engage, we also use Sustainalytics' Material Risk Engagement service as a supplement to our management engagement activities.

### **Proxy Voting**

Scharf Investments has adopted proxy guidelines that promote shareholder returns and are consistent with sustainable investing. returns and are consistent with sustainable investing. We use Institutional Shareholder Services (ISS) as a proxy service advisor to supplement our ESG research and help inform our voting from an ESG perspective. We will vote against management recommendations if we are not confident that the result will be in the best interest of shareholders. We report our voting history and the percentage of time we vote with or against management.



Scharf Investments is an independent and employee-controlled global asset and wealth management organization with \$3.7 billion in assets under management as of September 30, 2021. Our time-tested investment process is designed to help institutional and individual clients achieve their ESG investing objectives and improve investment outcomes over the long term.

Investment in securities involves significant risk of loss. An investor in any of the strategies managed by Scharf Investments must understand and be willing to accept those risks, including the loss of a substantial amount of any such investment in securities. Those risks include the risk of changes in economic and market conditions, the concentration of investments within a portfolio, and the volatility of securities. Do not use this presentation as the sole basis for investment decisions.

Consider all relevant information, including investment objectives, risk tolerance, liquidity needs and investment time horizon before investing. The performance data quoted represents past performance; past performance is no guarantee of future results.

### **3.8 ESG POLICY OF RBA (Richard Bernstein Advisors):**

Scope:

- iMGP Responsible Global Moderate

The Sub-fund promotes environmental and social characteristics according to article 8 of the Regulation (EU) 2019/2088 but does not have sustainable investment as its objective.

For the purpose of attaining environmental or social characteristics promoted by the Sub-fund and as the sub-fund is Fund Of Fund, the portfolio will invest at least 75% into UCITS that promote environmental and social characteristics according to article 8 of the Regulation (EU) 2019/2088 or have sustainable investment as their objective according to article 9 of the Regulation (EU) 2019/2088.

The sub-manager will analyze each potential underlying UCITS ETF to check its classification under SFDR before any investment.

## 3.9 ESG POLICY OF DOLAN MCENIRY CAPITAL MANAGEMENT LLC:

Scope:

- iMGP US Core Plus

### OVERVIEW & PURPOSE

Dolan McEniry Capital Management LLC (“Dolan McEniry” or “the Firm”) believes that responsible investment practices incorporating an assessment of environmental, social and governance (ESG) factors adds sustainable value for our investors by mitigating risk and positively influencing long-term financial performance, consistent with our fiduciary duty. The purpose of this ESG Policy (“Policy”) is to define Dolan McEniry’s approach to integrating the consideration of ESG factors into its investment analysis and decision-making processes.

### SCOPE & APPLICATION

This Policy applies to the Oyster US Core Plus UCITS portfolio, to the extent reasonably practical and relevant for each individual investment.

### ENVIRONMENTAL, SOCIAL & GOVERNANCE GUIDELINES

Implementation of this Policy is aimed at understanding ESG risks and opportunities that are material to a given investment. These factors will vary by company and sector. Typical ESG factors that may be reviewed and analyzed for particular investment opportunities may include, but are not limited to the following:

**Environmental:** Greenhouse gas emissions, carbon footprint, waste reduction, resource conservation.

**Social:** Human rights including labor rights, worker health & safety, customer safety and welfare, diversity, equity & inclusion.

**Governance:** Board composition and independence, executive compensation, shareholder rights, legal & regulatory compliance, anti-bribery & corruption, cybersecurity & data privacy.

#### **Screening and Exclusionary Practices**

As part of Dolan McEniry’s assessment of potential investment opportunities for its Oyster US Core Plus UCITS portfolio, Dolan McEniry is committed to excluding investment in the following controversial sectors:

- Fossil Fuel Extraction
- Fossil Fuel Production
- Direct Investments in Controversial Weapons
- Cluster Bombs
- Landmines
- Chemical Weapons
- Biological Weapons
- Nuclear Weapons

Dolan McEniry screens potential investments to identify and exclude companies with known instances of corruption, as well as transparency, ethics, or other human rights violations that significantly harm society.

## **ESG INTEGRATION PROCESS**

### ***Due Diligence***

As part of our decision-making process for this portfolio, Dolan McEniry considers material ESG factors within its fundamental research process, leveraging external ESG data and in-house qualitative assessment to identify potential material risk factors. Material ESG risks are documented in an Internal Research Note for each new investment, along with other all other fundamental and financial analysis.

If an investment scores poorly on the relevant factors according to third-party data sources, the investment team conducts further research to determine what is driving the score. A poor ESG score does not preclude the firm from investing in the company, but rather is used as an input to the investment decision making process. Ultimately, ESG considerations inform our decision making, but it is important to note that this is but one of many qualitative and quantitative inputs to our investment process, not a primary objective.

### ***Portfolio construction***

The investment team desires to construct a portfolio with compelling aggregate Carbon and ESG Risk Scores. Specifically, the team seeks to construct a portfolio with a Carbon score lower than 10 on a scale from 0 (negligible) to 50+ (severe).

Portfolios have historically been intentionally under-indexed to industries characterized by high Scope 1 and 2 emissions, overweighting sectors and industries associated with lower carbon scores. The investment team is continuously monitoring portfolio holdings through company filings, news flow, internal and external research, and ESG Risk and Carbon scoring and research databases from Sustainalytics.

Generally, portfolio companies with poor Carbon, ESG Risk scores or severe controversies are not included in the portfolio.

### ***Engagement***

Dolan McEniry believes that engagement in dialogue with companies about ESG-related disclosures can help the companies further enhance their knowledge of ESG risks and take action to reduce their environmental and social impacts. While Dolan McEniry does not take an activist position, the investment team may engage with company management in conversations related to ESG practices and behaviors. The purpose of these conversations is to better understand how potential ESG risks and opportunities are managed, among other issues.

### ***Monitoring***

Dolan McEniry will review third-party ESG reports for securities on a periodic basis to monitor material changes to the ESG performance of the investment, which it documents in Internal Research Notes.

## **GOVERNANCE**

Dolan McEniry's Investment team and Compliance team are responsible for setting policy and

standards for responsible investment processes through the maintenance of this Policy, and associated implementation tools, as well as monitoring the adherence to this Policy.



### 3.10 ESG POLICY OF ERSEL ASSET MANAGEMENT:

#### Scope

- iMGP European Corporate Bonds
- iMGP European Subordinated Bonds

#### Principles

Considerations regarding environmental, social and governance aspects have always been an integral part of the investment selection process.

Sustainability and the management of any activity according to the best practices of “good governance” are in fact essential factors for the creation of value in the short term but even more so in the medium to long term. A focus on the sustainability of companies can affect their ability to create long-term value for investors and stakeholders; therefore, Ersel AM considers ESG integration an important tool to improve the risk/return profile of investments.

ESG issues are indeed of increasing importance for the investment industry as taking such factors into account allows to better meet clients demand for long term returns and at the same time drive their investments’ impact on the whole society. The key role of the financial industry on the overall society has also been recognized by national and supranational authorities, pushing for more regulation up to the inclusion of ESG consideration as part of an investor’s fiduciary duty.

Ersel AM believes ESG factors are especially key when investing in the corporate bonds space for several reasons. First, Ersel AM strategies directly invest in debt instruments issued by financials and non-financials companies which, together with governments, are the main actors of the transition towards a more sustainable future. Second, acknowledging the role of the financial industry in aligning investments decisions with the broader objectives of the society, Ersel AM aims to allocate more capital into issuers that can generate positive impact on society on a long-term horizon from an environmental and social standpoint. Finally, in accordance with a “finance first” approach, incorporating these non-financial factors into the credit analysis allows a more complete long-term view of the material and transitional risks that the industries and companies we invest in could face.

#### ESG key topics

The iMGP European Corporate Bonds and the iMGP European Subordinated Bonds sub-funds invest in companies from different sectors, with very different approaches to social, environmental and governance issues depending on the sector they belong to and the geographic area in which they operate.

**Environmental:** examine how an issuer contributes to environmental challenges (e.g. energy consumption, waste, pollution, reduction of greenhouse gas emissions, combating resource depletion and deforestation, protection of biodiversity and climate change).

**Social:** analyse how a company develops its human capital by referring to fundamental principles that are universal in scope (e.g. human resources management, diversity and equal opportunities, working conditions, health and safety).

**Governance:** assess the effectiveness of management in initiating a process of collaboration among

the various stakeholders, aimed at ensuring the pursuit of long-term objectives and consequently the long-term value of the company (e.g. executive compensation, tax strategy and practices, anti-corruption and abuse of office, diversity and Board structure).

The objective of the strategy is to ensure long term capital appreciation by investing mainly in subordinated debt instruments issued by financial and non-financials corporations with a focus on issuers headquartered in Europe.

Capital appreciation is reached through a combination of price increases and coupons accumulation over time. The two sub-funds target both performance drivers by selecting those instruments that do not correctly reflect embedded credit risk, offering greater price appreciation potential, and pay higher than average coupons.

The portfolio is built with a strong focus on bottom-up selection and an high conviction approach, within a top-down allocation frame which defines the overall strategy exposure to macro risks, such as interest rates, aggregate credit spreads and sectors. The high conviction nature of strategy implies a low portfolio turnover and qualifies the style as a *buy and hold*.

The investment process is multi-step. First the investment universe is filtered to exclude non-compliant issuers and securities. Then best investment opportunities are highlighted and selected through proprietary models. Finally, the portfolio is built to reflect the desired risk positioning withing a strict investment guidelines framework.

Responsible investing is achieved by incorporating ESG factors throughout the whole process with a combination of integration and screening approach.

On one side, including ESG factors in the internal credit rating process allows to better assess the risk-reward profile of a corporate bond and, as such, improve the expected risk adjusted return for the strategies.

On the other side filtering the universe, fixing exposure limits for poorly rated companies (negative screening) and defining portfolio targets in terms of ESG profile (positive screening) allows to allocate more capital towards those issuers that can generate positive externalities for the whole society on a long-term horizon from an environmental and social standpoint.

Universe Filtering		Security Selection			Portfolio Construction			
ESG	Liquidity	Bond Valuation		Issuer Risk Assessment		Internal Guidelines		
ESG Rating	Issue Size	Relative Value Analysis	Dedicated Models	Credit Fundamentals	ESG Key Issues	ESG Guidelines	Credit Risk Guidelines	Liquidity Risk Guidelines
Country, Sector, Company exclusion criteria	Min 200 mln Max 10 days liquidation	Spread Curves Analysis	Base Credit scoring / Specific Subordinated Risk Analysis	CreditSights / S&P research / Internal Credit Analysis / Internal Scoring	MSC ESG rating & Trend + Negative impact factors + Sustainable Impact	Target ESG rating + Target Carbon Footprint + Laggards Max %Guidelines	Min BBB- Avg Rating Max % BB rated Max % B rated	Min % < 1 day to liquidate Min % < 5 day to liquidate Max % of issue

The ESG incorporation within the investment process can be summarized as follows:

- first the universe is filtered by **excluding** from the investable universe **sectors, countries & companies non-compliant** with our exclusion criteria including norm-based, value-based and business conduct related principles.
- second, when looking into investment opportunities, ESG rating and additional ESG variables are **fully integrated in our internal bond selection** model both in a quantitative and qualitative, as a way to better assess a company’s business and transitional risks.

- finally, **portfolio targets** are set as binding elements in terms of weighted average ESG rating, maximum exposures to laggards and not rated issuers with the aim of both managing the overall portfolio risk and give a positive ESG spin to the strategy

It is worth noting that while the investment universe covers all industries and all level of debt subordination, financial institutions are largely the main issuers of these instruments, as they need to respond to regulatory requirements. For this reason, the strategy is structurally sectorally tilted toward financials which implies that ESG key issues might differ from a more diversified strategy. For instance, scope 1 and 2 carbon emissions are extremely low for non-financial corporations, while ties with the society and labour force could play a major role in assessing the sustainable practices of issuers.

Among the main ESG themes, the iMGP European Corporate Bonds strategy aims at emphasizing the environmental issues, with a primary focus on carbon footprint and decarbonization targets and natural resources exploitation.

Among the main ESG themes, the iMGP European Subordinated Bonds strategy aims at emphasizing the social and governance issues, given the strategy is primarily tilted toward financial issuers, whose direct carbon footprint and natural resources exploitation are limited when compared to non-financial issuers.

Anyway, given the increasing request of data from regulators, additional information on financial issuers non-direct carbon footprint (loan books, underwriting) could be available in the future and will allow a better and deeper carbon footprint of such issuers.

### ESG Exclusions

Ersel AM exclusion policy excludes certain categories of sectors, countries or issuers, that operate in sectors that are considered “non ESG” or that behave in a way that contradicts ESG values:

- bonds issued by companies that do not comply with international treaties (such as those on controversial weapons);
- bonds issued by companies or countries that are in serious breach of UN principles or OECD guidelines;
- issuers which operate in countries subject to international sanctions or which violate the UN Global Compact principles;
- bonds issued by companies that are involved in tobacco production, or tobacco distribution;
- bonds issued by companies that derive more than 5% of revenues from adult entertainment and pornography, or manufacturing and distribution of civil weapons, or unconventional oil and gas or arctic oil and gas extraction, or coal mining or coal-based energy generation;
- bonds issued by companies which are subject to severe ESG controversies depending on data provided by external providers or Sub-Manager internal research.

### Bond selection - ESG Integration

Ersel AM proprietary Credit Evaluation methodology uses different criteria to assess the credit worthiness of an issuer. Those criteria vary according to whether the issuer is a financial or non-financial company and may range from characteristics such as size, profitability, leverage and coverage to capitalization and asset quality to assessments on financial policy or business risk. Each criterion reflects the relative positioning of issuers within their sector and is equally weighted to calculate the final weighted average relative credit score.

Non-Financials	Financials
Ciclicity	Country
Profitability	Asset Quality
Size	Size
Leverage	Capital
Coverage	Income Quality
Financial Policy	Leverage Ratio

In order to integrate ESG considerations into the bottom-up analysis, **ESG-related factors have been added** to purely financial factors in a way that - all else being equal - issuers which better incorporate ESG practices into their strategy are more likely candidates for our portfolios whilst “worst-in-class” players are penalized.

ESG factors enter bottom-up analysis in 3 different ways:

- First, ESG rating, ESG momentum and carbon footprint (this last only for non-financials) directly enter the scoring model, with a 25% total weight for ESG: in doing so, higher rated companies or with improving momentum or with lower carbon footprint will get a higher score than peers all else being equal.

%	Non-Financials	Financials
<b>75%</b>	Ciclicity	Country
	Profitability	Asset Quality
	Size	Size
	Leverage	Capital
	Coverage	Income Quality
	Financial Policy	Leverage Ratio
<b>25%</b>	ESG rating	ESG rating
	ESG Trend	ESG Trend
	Relative Carbon Footprint	

Anyway, the ESG rating methodology mostly measures the risk for the company but only indirectly reflects its impact on the environment or social context. For this reason, a qualitative assessment of a company ESG practices is conducted to give a positive ESG spin to the strategy. This is based on the idea of prioritizing those companies with a lower negative impact on the environment and social context (minimize negative factors) and higher sustainable impact (maximize positive factors) as defined by a set of sustainable impact factors in terms of share of revenues linked to sustainable practices from an environmental and social perspective.

- Among the first group, Ersel AM has identified both environmental variables such as carbon targets, water withdrawal or pollution controversies and social issues like product safety, labor management and predatory lending practices (for financials)

While some of the above aspects can be quantified, reporting practices on such issues are still far from complete, i.e. the coverage is still quite low (for instance on water stress); additionally, other negative impacts can be difficult to quantify. For these reasons those factors are subject to a qualitative assessment and are not embedded in the score model

- The sustainable impact is instead calculated as the share of revenues derived from social and environmental impact themes including nutrition, sanitation, major diseases treatment, SME finance, education or affordable real estate, alternative energy, energy efficiency, green building, pollution

prevention and sustainable water

Finally, for companies where ratings are not readily available, the management team looks to all other sources to form a view on the issuer's ESG profile. Company filings and other external research providers might uncover areas that could translate into additional risks from an ESG perspective, such as lawsuits, investigations, governance related issues, shifting consumer preferences or unethical conduct.

### **Portfolio Construction - ESG Integration**

Once having removed non-compliant issuers from the investment universe and having selected the bonds/issuer that best fit both financial and sustainable criteria, the strategy must be compliant with a set of ESG guidelines also at portfolio level to further emphasize positive ESG characteristics.

IMGP European Corporate Bonds and IMGP European Subordinated Bonds sub-funds are based on the following guidelines.

1. First, based on the selected ESG data provider portfolio reporting methodology, the strategy targets to position among leaders, which translates into a AA or better weighted average ESG rating.

2. Finally, limits have been set to how much the sub-fund can allocate to poor ESG performers and not rated companies. To do so, first companies are grouped as follows:

- High Performers:
  - Leaders: AAA and AA rated
  - Average: A and BBB rated
- Low performers:
  - Laggards: BB and B rated
  - Worst-in-class: CCC rated
- Not Rated/Uncovered

Based on the above classification, the following investment limits have been defined:

- No allocation to CCC rated or B rated with negative trend
- No more than 10% to low performers (BB and B rated only with stable or positive trend)
- No more than 10% of the strategy can be Not Rated

Above limits always apply for new candidates to the portfolios, i.e. at the time of buying: as such adding a non-eligible company will result in an active breach of the policy. If an unpredictable adverse event or news hit a specific issuer causing a downgrade of its ESG profile to the extent that the company would not be eligible anymore, this will be treated as a passive breach. In this case, the manager will not be immediately forced to remove the issuer from the strategy, as a forced selling in non-convenient market condition would not be in the best interest of investors.

This approach encompasses the following rationales:

- Grant a positive tilt to the portfolio, limiting low performers, without losing investment opportunities when reward looks attractive once all risks, including ESG, have been evaluated.
- Only allowing for high performers could tilt the portfolios towards large cap and high-grade credit, limiting the potential for generating alpha
- “Not Rated” companies might prove all but poorly performing from an ESG perspective after a qualitative assessment of the issuers and excluding them would limit investment opportunities for

investors.

On top of the previously mentioned guidelines, IMG European Corporate Bonds sub-fund strategy targets also a 20% lower carbon footprint than its relative benchmark (ICE Euro Corporate Index - ER00) to strengthen the environmental footprint. For this purpose the selected measure for the carbon footprint is Tons of CO<sub>2</sub> emissions (Scope 1+ Scope 2) for each USD million of Sales (T CO<sub>2</sub>E/\$M SALES) as reported by the selected data provider (MSCI ESG).

## Engagement

The analysis of the ESG profile of an investment does not end once capital has been allocated. The process is ongoing, and this is critical to ensure we identify factors before they turn into events that can threaten the value of an investment, as well as to allow us to capitalize on new investment opportunities. Ersel AM has adopted a policy on the criteria and procedures for exercising intervention and voting rights (Engagement). Through ongoing dialogue with issuers of financial instruments on issues related to sustainability and through the exercise of voting rights associated with participation in the share capital, Ersel AM aims to positively influence the behaviour of issuers of financial instruments and increase the degree of transparency.

## Monitoring

All engagement activities are monitored and documented internally. Also, Ersel AM Risk Management team periodically monitors the compliance of the portfolio with ESG criteria, guidelines and targets as described in the general investment policy and this policy.

## Data suppliers

Several external ESG data vendors have entered the market providing a variety of products using different research designs and methodologies that support the ESG research process. After having conducted a broad analysis, Ersel AM has decided to select MSCI ESG ratings, among the leaders and most reputable ESG data vendors. By partnering with MSCI ESG we have access not only to a comprehensive and structured ESG rating approach, but also to a large database of ESG data which grants us a very large coverage of our investment universe and access to the very latest ESG information on hand. Access to such ESG data strengthens our understanding of the investment ESG profile, potential future performance, risks and opportunities of most of potential candidates for our corporate bond strategies. The above-described investment process refers to MSCI data and ratings both in terms of issuers exclusion and selection and portfolio average measures and targets.

MSCI methodology focuses on the so called “key issues”, which reflects what is elsewhere defined a materiality map, i.e. which ESG issues are relevant for a specific company. These key issues are mainly dependent on a company’s business and industry.

MSCI identifies 3 pillars, 10 themes and 35 key issues whose weight in forming the final rating of an issuers can greatly vary from an industry to another. Those key issues are organized as follows

- Environment
  - Climate Change: carbon emissions, product carbon footprint, financing environmental impact and climate change vulnerability
  - Natural Capital: water stress, biodiversity & land use, raw material sourcing

- Pollution & Waste: toxic emission & waste, packaging material & waste, electronic waste
- Environmental Opportunities: clean tech, green building, renewable energies
- Social
  - Human Capital: labor management, health & safety, human capital development, supply chain labor standards
  - Product Liability: product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk
  - Stakeholder opposition: controversial sourcing and community relations
  - Social Opportunities: access to communications, finance and health care and opportunities in nutrition & health
- Governance
  - Corporate Governance: ownership & control, board, pay, accounting
  - Corporate Behavior: business ethics and tax transparency
  - Based on how much a company is exposed to such ESG risks and how well or bad those risks are managed, MSCI assigns a score and then an ESG rating relative to peers in the same industry.

Such methodology then, focuses on the risks for the players that can arise from poor management of environmental, social and governance related issues. Such risk may severely impact a company performance on financial markets and a better assessment of such risk is expected to improve the medium-term risk-reward profile of our strategies.

### **Governance**

The Responsible Investment Policy will be reviewed as part of the regular review of business processes by Ersel AM Management Team, Risk Management function, Compliance Department and ESG Committee to ensure compliance with best practice and regulatory developments.



### 3.11 ESG POLICY OF EURIZON CAPITAL SGR S.p.A. :

#### Scope

- iMGP Japan Opportunities

#### SCOPE & APPLICATION

The Policy applies to the IMGP Japan Opportunities UCITS portfolio, as also detailed into offering documentation (Prospectus and KIID).

#### OVERVIEW & PURPOSE

IMGP Japan Opportunities Sub-Fund is managed by Eurizon Capital SGR S.p.A (herein “Eurizon” or the “Sub-Manager”).

A summary of Eurizon’s Sustainability Policy (here in the “Policy”) is published on its website at [https://www.eurizoncapital.com/Lists/AllegatiDocumento/Pagine/PoliticaSostenibilita%CC%80SGR\\_EN.pdf](https://www.eurizoncapital.com/Lists/AllegatiDocumento/Pagine/PoliticaSostenibilita%CC%80SGR_EN.pdf)

Eurizon, as the investment manager of the Sub-Fund, believes that companies which take account of ESG factors in their own strategies and operating models have a greater likelihood of obtaining sustainable profits over time, and thus of increasing their value, both in economic and financial terms.

The Policy represents the integration of sustainability risks in the Investment Process of Eurizon pursuant to Article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability Disclosure in the Financial Services Sector (so called “Sustainable Finance Disclosure Regulation“ or “SFDR”) and the related implementing regulations. The Policy describes the methodologies for selecting and monitoring the financial instruments adopted by the Sub-Manager in order to include sustainability risk analysis in its own Investment Process regarding collective asset management and portfolio management services, as well as recommendations made as part of investment advisory services. The integration of ESG factors and SRI principles is connected with the Sub-Manager endorsing the “Principles for Responsible Investment” since 2015 which include to:

1. incorporate environmental, social and governance factors into its investment analysis and decision making process;
2. integrate environmental, social and governance factors in the active ownership policy;
3. seek for appropriate disclosure on ESG issues by the entities in which it invest the environmental, social and governance factors;
4. promote the acceptance and implementation of the Principles in the investment community;
5. work with the financial community to improve the effectiveness in implementing the Principles;
6. disclose to the public the reports on activities and progress of the companies in applying the Principles.

#### ESG / SRI STRATEGIES

The sections below describe the safeguards adopted by Eurizon for IMGP Japan Opportunities Sub-Fund, in line with the following SRI/ESG strategies.



- SRI exclusions: issuers operating in sectors considered “not socially responsible” are excluded from the Investment Universe. ; issuers operating in sectors considered “not socially responsible” are (i) companies with an evident, direct involvement in the manufacture of unconventional weapons (Antipersonnel mines; Cluster bombs; Nuclear weapons<sup>1</sup>; Impoverished uranium; Biological weapons; Chemical weapons; Non-detectable fragment weapons; Blinding lasers; Incendiary weapons; White phosphorous) (ii) companies that derive at least 25% of their turnover from mining or electricity production activities linked to thermal coal or (iii) companies that derive at least 10% of their turnover from the extraction of oil sands;
- ESG exclusions: “critical” issuers are excluded from the Investment Universe; “Critical” issuers are defined as those companies characterized by a higher exposure to environmental, social and corporate governance risks, that is, with a lower ESG sustainability rating level (equal to “CCC” assigned by the specialized info-provider “MSCI ESG Research”) in the equity and bond investment universe;
- ESG integration: the integration of ESG factors in the analysis, selection and construction of managed portfolios (“ESG Integration”), with the aim of creating portfolios with an ESG score higher than that of the investment universe (“ESG Score Integration”), while observing good governance practices
- Carbon footprint: the integration of procedures to measure the carbon dioxide (CO<sub>2</sub>) emissions generated by issuers, in order to create portfolios with a carbon footprint below that of the investment universe;
- Active ownership: promotion of proactive engagement with issuers by exercising participating and voting rights, and engagement with investees, encouraging effective communication with the management of companies.

In addition to these strategies, for IMGP Japan Opportunities Sub-Fund, Eurizon excludes certain companies or securities with negative social or environmental impact. The following companies or securities shall be excluded from the Sub-Manager selection:

1. companies that are considered to be in breach of the United Nations Global Compact Principles on human rights, labour rights, environment and anti-corruption;
2. companies that have significant exposure to tobacco, coal-fired power, nuclear power generation, or oil and gas related activities; and
3. generally, companies which have a low rating or are subject to ESG controversies depending on Sub-manager analysis or data provided by external providers.

#### *Active Ownership*

Eurizon’s Engagement Policy is published on its website at: [https://www.eurizoncapital.com/-/media/Project/Eurizon/EurizonPortals/EurizonPortal/Files/Sustainability/ENG/SGR\\_EngagementPolicy\\_eng.pdf](https://www.eurizoncapital.com/-/media/Project/Eurizon/EurizonPortals/EurizonPortal/Files/Sustainability/ENG/SGR_EngagementPolicy_eng.pdf)

The Sub-Manager has a fiduciary duty to protect and enhance the value of its Clients and Investors managed assets, which implies addressing effectively any performance-related issues of the investee companies in which assets are invested on behalf of the managed portfolios. In this context, the Sub-Manager attaches importance to the oversight of “external corporate governance”, i.e. referred to investee issuers.

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<sup>1</sup> Issuers based in States that are not signatories to the “Treaty on the Non-Proliferation of Nuclear Weapons” of 1 July 1968 are not considered

To this end, during 2014, Eurizon adopted the “Italian Stewardship Principles”,<sup>2</sup> defined by Assogestioni, the Association of the Italian Investment Management Industry, with the aim of providing a series of best practices to adopt to encourage associate members to promote responsible investment, stimulating effective integration between the corporate governance of issuer companies and their own investment process, in the belief that issuers who adopt high social, environmental and corporate governance standards can generate a sustainable performance in the long term for their own shareholders.

The Sub-Manager favors dialogue and participation in Shareholder meetings of investees, based on a “targeted” approach to corporate governance, encouraging - adopting the principle of proportionality - engagement with, and participation in, Shareholder meetings of companies considered “significant” according to the qualitative/quantitative criteria indicated from time to time in internal regulations.

The Sub-Manager does not intend to “micro-manage” the matters of listed investee issuers nor does it preclude any decisions to sell a shareholding, where this represents the most effective solution to protect the interests of Clients/Investors.

Eurizon’s “Strategy for the exercise of participation and voting rights related to the financial instruments held in the managed Ucis” is published on the website at:

[https://www.eurizoncapital.com/Lists/AllegatiDocumento/Pagine/ECSGR\\_StrategyForExerciseParticipationVotingRights.pdf](https://www.eurizoncapital.com/Lists/AllegatiDocumento/Pagine/ECSGR_StrategyForExerciseParticipationVotingRights.pdf)

In accordance with the provisions stipulated by art. 35-decies of the Consolidated Law on Finance and art. 112 of the Intermediary Regulation adopted by Consob with resolution no. 20307/2018, Eurizon Capital SGR S.p.A. has adopted a set of procedures and measures aimed at:

- monitoring the company's activities pertaining to the financial instruments held in the portfolio of the managed UCIs, when this is required by the characteristics of the financial instruments incorporating the rights to be exercised.
- determining when and how participation and voting rights may be exercised based on a cost-benefit analysis that also takes into account the objectives and investment policy of each managed UCIs.

On behalf of the managed portfolios, Eurizon participates at the shareholders’ meetings of selected companies with shares listed on the Italian Stock Exchange and on foreign exchanges, taking into account the benefits for the managed portfolios resulting from such participation, as well as the opportunity to influence decisions regarding the shares with voting rights held by Eurizon. As for the reasons that drive the decisions to exercise participation and voting rights at Shareholders’ Meetings, Eurizon has identified the following quantitative and qualitative criteria:

- participation at all shareholders’ meetings and interaction with the Board of Directors of those companies where Eurizon holds a significant share capital, as identified from time to time within the internal procedures;
- participation at the shareholders’ meeting that are deemed relevant to the managed portfolios’ benefit in order to identify situations of particular interest for the purpose of protecting and supporting the interests of minority shareholders;

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<sup>2</sup> The principles defined by Assogestioni are aligned with those contained in the EFAMA Code for External Governance approved by the European Fund and Asset Management Association (EFAMA) in which Assogestioni participates and of which Eurizon Capital SGR is also a member.

- contribution to the election of members of the board of directors or boards of statutory auditors through the slate voting mechanism, representing minority shareholders;
- participation at those shareholders' meeting approving extraordinary transactions where such participation is needed to support or challenge the proposed transaction, in the interests of the managed portfolios. Eurizon is not bound by any shareholder voting or blocking agreements.

### *Monitoring*

#### **COMPLIANCE & AML FUNCTION**

The Compliance & AML Function monitors compliance with the Sub-Manager's Sustainability Policy, supervising the correct adoption of safeguards contemplated in internal and external regulations. In this context, the Function also oversees compliance with the decision-making process and the Operating Limits aimed at containing risks, including reputational risks, of managed portfolios related to ESG and SRI issues.

#### **RISK MANAGEMENT FUNCTION**

The Risk Management Function monitors the sustainability risk of the products managed by coordinating - as regards the verification of compliance with the Operating Limits - with the Compliance & AML Function.

#### **REPORTING**

In accordance with the provisions of the current regulations, the Sub-Manager provides its clients/investors and other stakeholders the Summary of the Sustainability Policy, Engagement Policy and Strategy for the exercise of participation and voting rights attached to the financial instruments held in the managed UCIs , via website at [www.eurizoncapital.com](http://www.eurizoncapital.com).