

Responsible Investment Policy

October 2025



Table of Contents

Executive Summary	3
Role	4
Responsibility	4
Section 1: MIFL and Responsible Investment	7
1.1 Responsible Investment Beliefs	7
1.2 MIFL’s Sustainable Development Goals	8
1.2.1 Measuring Impacts on the SDGs	9
1.3 Carbon Metric Monitoring	10
1.4 Ongoing Monitoring of PAIs under the SFDR – Annex I & PAI Statement	10
1.4.1 Data Sources and Challenges	11
1.5 Exclusion Policy	11
Section 2: ESG Integration	12
2.1 Multi-Management ESG Framework	12
2.1.1 MIFL’s Proprietary ESG Score	12
2.1.2 Framework for MIFL’s Multi-Manager Sustainable Investment Funds	13
2.1.3 Engagement with Low-Scoring Managers	18
2.2 Single Securities ESG Framework	19
2.2.1 ESG Integration	19
2.2.1.1 Fundamental Equities	19
2.2.1.2 Quantitative Equities	20
2.2.1.3 Fixed Income	20
2.2.2 Engagement with Investee Companies	20
2.2.3 Framework for Quantitative Equities for management of an Article 8 strategy/internal sleeve	21
Section 3: Proxy Voting Policy	22
Section 4: Carbon Reduction Objective	24
4.1 In-scope funds	24
4.2 Carbon Footprint – Unit of Measurement	24
4.3 Carbon Reduction Pathway	24
Section 5: UN PRI	25
Section 6: Training and Culture	25
Appendix	26

Executive Summary

“We believe that incorporating ESG principles into our investment process can lead to more solid returns by enabling us to identify managers that pursue an ESG agenda as well as high-quality companies.”

Central to MIFL’s investment process is analysing each investment’s ability to create, sustain and protect value to ensure that it can deliver returns. As an investor, MIFL’s responsibilities include protecting the interests of investments from the impacts of financial and non-financial risks. We believe that implementing a responsible investment approach will enhance value for investors.

The basis for our approach to responsible investment is grounded on the United Nations six Principles for Responsible Investment (UN PRI) for institutional managers which aims to contribute toward a more sustainable global financial system. This approach is in line with the objectives of MIFL. The MIFL Responsible Investment (RI) Policy outlines the framework and approach taken by MIFL regarding responsible investment.

MIFL defines responsible investment as *“the integration of sustainability considerations, including environmental, social and governance factors, along with sustainability risk and active ownership practices into the investment management process”*.

The primary focus of the Responsible Investment (RI) Policy is **ESG integration and active ownership**. MIFL integrates ESG within its investment process. ESG criteria are considered both when selecting securities by our Single Securities Team and when assessing managers by our Multi-Management Team. MIFL believes that the consideration of ESG factors enables the identification of quality companies with stronger governance, lower tail risk and more predictable cash flows, which in turn should lead to improved risk-adjusted returns in the long term. Furthermore, MIFL is an active owner that seeks to engage with companies and vote at shareholder meetings in alignment with its ESG objectives, working to improve investee ESG metrics over time.

MIFL is committed to and supports the objectives of all 17 United Nations (UN) Sustainable Development Goals (SDGs). To help focus our responsible investment ambitions, MIFL decided to prioritise three environmental-oriented SDGs and one social SDG to assess assets under management where we seek to improve returns over the long term: SDG 5 (Gender Equality), SDG 7 (Affordable & Clean Energy), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

To measure and monitor MIFL’s impact on these four SDGs at an entity level, MIFL selected six Principal Adverse Impact (PAI) indicators aligned to these SDGs.

Through regular and active monitoring of the six chosen PAI indicators aligned to our prioritised four SDGs, we hope to bring transparency to MIFL’s process. We seek to affect change through our stewardship activities. MIFL looks to engage indirectly through the external managers of mandates or directly through engagement via our Single Securities Team, to affect improvement over time across the PAI and in turn the prioritised SDGs. MIFL’s Proxy Voting Policy is also aligned to our prioritised SDGs.

Considering PAIs as part of the investment process should help to mitigate the negative impact of investment decisions on sustainability factors. These impacts can occur, for example, in environmental, social and employee matters, human rights, corruption and bribery matters.

While investing in third-party funds and mandates is the core of MIFL’s business, the policy also considers the continued growing importance of in-house direct management of equity and fixed-income assets.

This document outlines how ESG is considered across each step of the investment process across the Multi-Management Team and the Single Securities Teams.

The continued commitment to ESG integration and growing data supporting effective implementation means the MIFL’s ESG approach will continue to evolve.

This Policy will be reviewed at least annually, or sooner if regulatory or market developments warrant.

Roles and Responsibilities

Figure 1: MIFL Team ESG Roles

Role	Responsibility
ESG Team	Owner of the RI Policy
Investment Committee	Sign-off of the RI Policy
Multi-Management Team	Implementation of the RI Policy
Single Securities Team	Implementation of the RI Policy
Compliance	Assist with interpretation, implementation and compliance with sustainable regulation. Implement second line defence. Trade compliance monitoring.
Risk	Second line defence support in monitoring and assessing sustainability risks
Internal Audit	Periodic internal audit reviews of the Responsible Investment Framework
Board of Directors	Review and approval of the RI Policy at least annually

Regulatory Background

Mediolanum International Funds Limited (“MIFL” or “the Manager”) is authorised and regulated by the Central Bank of Ireland (“Central Bank”) as a UCITS management company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (“UCITS Regulations”) and as an Alternative Investment Fund Manager (“AIFM”) pursuant to the European Union (“Alternative Investment Fund Managers”) Regulations 2013 (“AIFM Regulations”).

Further, MIFL has received an extension to its authorisation by the Central Bank under the UCITS and AIFM Regulations to conduct the regulated activities of Individual Portfolio Management and Investment Advice. MIFL complies with regulatory obligations set out in Directive 2014/65/EU of the European Parliament and Council on markets in financial instruments and supporting legislation and regulations (collectively “MiFID”) for these regulated activities.

Under its current authorisation, MIFL performs, inter alia, the following investment services:

- **Investment Management**
MIFL provides Collective Portfolio Management (“CPM”) services to internally managed UCITS funds and AIFs and provides Individual Portfolio Management (“IPM”) services to MiFID clients.
- **Investment Advice**
MIFL acts as an Investment Advisor to MiFID clients.

MIFL operates as part of the Mediolanum Group (the “Group”). The parent company of MIFL, Banca Mediolanum S.p.A., is subject to the requirements of the MiFID Directive as implemented in Italy.

The Sustainable Finance Disclosure Regulation (“SFDR”) and Taxonomy Regulation (together “the Regulations”) were introduced by the European Commission as part of a package of legislative measures arising from the European Commission’s Action Plan on Sustainable Finance. The SFDR aims to reduce the risk of “greenwashing” and bring transparency in relation to (i) sustainability risks, (ii) the consideration of adverse sustainability impacts in investment processes and (iii) the provision of sustainability-related information with respect to financial products. The Regulations impose mandatory environmental, social and governance (“ESG”) disclosure obligations on MIFL in respect of the ESG factors (which may include principal adverse impacts) that MIFL considers when providing investment services. Pursuant to the Regulations and relevant sections of the UCITS and AIFM Regulations on investment due diligence requirements, MIFL has put in place a Responsible Investment Policy (“RI Policy” or “the Policy”) that outlines:

- Information on how sustainability risk has been integrated into the investment decision-making process; and
- Information on how the adverse impacts of investment decisions on sustainability factors are considered.
- MIFL’s investment approach in respect of products that promote environmental and/or social characteristics (Article 8 funds) or have a sustainable investment objective (Article 9 funds).

In addition to SFDR, MIFL considers other regulatory guidelines, expectations and/or obligations in its approach to responsible investment, for example:

- Commission Delegated Regulation (EU) 2022-1288 - SFDR RTS
- EU Regulation (EU) 2020-852 - Taxonomy Regulation
- Commission Delegated Regulation (EU) 2023-363 - amending SFDR RTS on Gas and Nuclear Energy - Feb 2023
- ESMA Guidelines on funds' names using ESG or sustainability-related terms – May 2024
- ESA - Consolidated Q&A SFDR - 17 May 2023
- Italian Law no. 220 of 9 December 2021, as amended from time to time

Section 1: MIFL and Responsible Investment

1.1 Responsible Investment Beliefs

MIFL defines responsible investment as *“the integration of sustainability considerations, including environmental, social and governance factors, along with sustainability risk and active ownership practices into the investment management process.”*

This can impact financial performance while also providing a broader perspective on risk and return opportunities. Through measurement and monitoring of selected PAIs, the investment team aims to affect improvement on MIFL’s prioritised SDGs, which in turn should result in improved ESG profile of our funds.

Given the considerable weight of assets under management (AUM) which are outsourced through external delegate managers or invested in target funds, as well as direct investment in securities, MIFL can push forward the ESG and sustainable investment agenda across the broader industry.

A responsible investment approach is more likely to create and preserve investment capital when the investment process includes:

- A range of ESG factors, which can have a material impact on long-term risk and return outcomes but may not be captured in a company’s financial accounts.
- PAI indicators, which can provide insight into the negative impacts of investment decisions at a product level, on environmental and social factors over time.
- In addition to engaging on fundamental investment factors, we also engage on our prioritised SDGs, chosen PAI indicators and other ESG criteria. We believe that direct dialogue encourages transparency on ESG risks and opportunities and encourage good practice on climate considerations, governance structures and social impact.
- Our Proxy Voting Policy has a climate focus, is aligned with our prioritised PAI indicators and considers systematic sustainability issues to ensure our voting decisions support long-term climate risk mitigation and transition as well as human rights.

Integrating a responsible investment approach is more likely to be achieved where beliefs are incorporated, including:

- Stakeholder interests are important and investment decisions may need to be aligned with those interests.
- Taking a medium-to-long-term approach can add value to return streams rather than focusing on short-term price movements.
- Being transparent is beneficial to stakeholders and the broader market.
- It is important to consider double materiality by assessing both financial materiality (how ESG factors impact the company’s value) and impact materiality (how the company’s activities affect the environment and society) to ensure investment decisions capture risks, opportunities, and broader sustainability impacts in line with EU regulations and stakeholder expectations.

1.2 MIFL's Sustainable Development Goals

The UN SDGs are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all." The SDGs were agreed on in 2015 by the UN General Assembly, with a target date of 2030.

Mapping investment portfolios to the UN SDGs is a common starting point for asset managers and owners seeking to make positive contributions or assess negative contributions, to the UN's 17 broad objectives. MIFL has prioritised three environmental-oriented SDGs and one social SDG to assess its assets under management with the aim of seeking improvement in the long term.

MIFL decided to focus on these four SDGs because:

1. Climate change is a global risk that requires immediate action.
2. Climate change is central to EU legislative efforts.
3. MIFL supports the view of the UN that gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world.

Figure 2: MIFL's prioritised SDGs



Source: sdgs.un.org/goals

1.2.1 Measuring Impacts on the SDGs

MIFL uses the Principal Adverse Impact (PAI) indicators to measure its impact on the prioritised SDGs. The PAI can be defined as:

“Negative, material or likely material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity.”

In other words, nearly all types of economic activity have the potential to impact various sustainability indicators, both positively and negatively.

Figure 3. MIFL’s prioritised SDGs and PAIs

				
PAIs chosen by MIFL to “take action” on and aligned to a SDG	✔ 5. Share of non-renewable energy consumption and production	✔ 9. Hazardous waste ratio	✔ 1. Carbon Emissions 2. Carbon Footprint 3. GHG Intensity 5. Share of non-renewable energy consumption and production 9. Hazardous waste ratio	✔ 13. Board Gender Diversity
ESG	Environmental	Environmental	Environmental	Social

Through regular and active monitoring of the six chosen PAI indicators aligned to our prioritised four SDGs, we hope to bring transparency to MIFL’s process, while seeking to improve returns over the long term by tackling material risks. We seek to affect change through our stewardship activities. MIFL looks to engage indirectly through the external managers of mandates or directly through engagement via our Single Securities Team, to affect improvement over time across the PAI indicators and in turn the prioritised SDGs.

Detailed monitoring and analysis of these chosen PAI indicators can be seen in the [“Statement on principal adverse impacts of investment decisions on sustainability factors”](#) available on MIFLs website.

MIFL’s Proxy Voting Policy is also aligned to our prioritised SDGs. For more detail, see the investment process and proxy voting sections below.

1.3 Carbon Metric Monitoring

MIFL has been monitoring climate-related indicators since December 2021, including the carbon-related PAI indicators and MSCI Climate VaR metric to assess MIFL's assets under management.

In 2023, as part of a wider Mediolanum Group initiative and as a part of the Group's 2024–2026 Strategic Plan, MIFL decided to take additional steps to address climate change and carbon emissions. From 1st January 2024, MIFL started to monitor four additional carbon-related indicators: Weighted Average Carbon Intensity (WACI), Implied Temperature Rise (ITR), companies with SBTi-approved targets and Low-Carbon Transition Score. These four metrics are measured using MSCI ESG Manager. MIFL continues the discussion along with the wider Mediolanum Group, to formalise a plan on how best to implement actions leveraging this data.

An outline of these metrics is provided below:

Weighted Average Carbon Intensity (WACI) expresses a portfolio's exposure to carbon-intensive companies in tons of CO₂ emissions per million euro (CO₂e/€M).

Implied Temperature Rise (ITR) is a forward-looking metric, expressed in degrees Celsius, designed to show the temperature alignment of companies, portfolios and funds with global temperature goals.

Companies with SBTi-approved targets. SBTi is a leading global initiative to promote science-based climate target-setting and may be a common reference point for investors focused on climate targets that are aligned with the goals of the Paris Agreement.

Low-Carbon Transition Score is a framework that measures the degree to which a company's projected greenhouse gas emissions differ from a net-zero pathway between now and the year 2050.

1.4 Ongoing Monitoring of PAIs under the SFDR – Annex I & PAI Statement

MIFL aims to mitigate the negative impacts of its investment decisions on sustainability factors by considering PAIs as part of the investment process.

MIFL considers the mandatory PAI indicators from Table 1 of the Annex I under the SFDR, against which investment portfolios are measured, as well as two additional indicators: the first additional voluntary indicator, which has an environmental focus, measures the share of investment in companies without carbon emission reduction initiatives (Table 2, indicator 4); the second additional indicator, which has a social focus, concerns the share of investments in companies that lack a human rights policy (Table 3, indicator 9).

Monitoring and evaluating this range of PAIs assists in managing the risks connected to potential adverse sustainability impacts from investments. Consideration of PAI indicators is applied across asset classes and to all mandates, not just those labelled sustainable investments. This data is used to complete the Annex I template under the SFDR, which is included in the PAI statement. For more detail, a copy of the PAI statement can be accessed on MIFL's website: <https://www.mifl.ie/sustainability>. By monitoring and acting on the selected PAIs, we aim to drive long-term improvements, with a particular emphasis on the six prioritised indicators.

1.4.1 Data Sources and Challenges

Regarding PAIs and the reporting obligations, MIFL's Investments Oversight and Portfolio Analytics (IOPA) Team, working with the Banca Mediolanum Allocation Monitoring & Analysis Office, uses the MSCI ESG Manager tool to populate the data and to generate reports.

MFIL portfolio managers monitor ESG and PAI data across their funds, including Article 6. The team leverages FactSet to do this, which can help provide pre- and post-trade analysis on each PAI, split by delegate or other if required.

Also, MIFL uses the Fastnet tool for MIFL's Sustainable Investment funds as it provides MSCI's data (ESG, SDG and PAI scores) in an intuitive and practical way. By using the tool, the aim is to identify those holdings driving a negative impact across the monitored PAIs and SDGs, allowing more actionable engagement points with underlying managers or companies. The tool helps inform the user on what is driving change. For example, whether the change is a result of portfolio manager decision-making or due to improvements in the underlying holdings.

It is important to note that although ESG data has improved significantly in recent years, there are still challenges associated, such as data coverage or consistency across ESG data providers. MIFL will further analyse material discrepancies of data where required.

1.5 Exclusion Policy

Since December 2021, legislation aimed at countering the financing of companies involved in anti-personnel mines, cluster munitions and submunitions passed into law in Italy. As Italy is a key market for MIFL, and as MIFL is also part of the Mediolanum Group, whose parent company is based in Italy, we have implemented an exclusions policy. For full information refer to MIFL's Controversial Weapons Policy and Controversial Weapons Procedure.

Section 2: ESG Integration

2.1 Multi-Management ESG Framework

MIFL believes that ESG risks and opportunities should be assessed by target funds and delegate managers in stock selection and portfolio construction.

MIFL aims to enhance the analysis within the investment process through the integration of ESG factors when selecting managers and building multi-management funds, which can help deliver better risk-adjusted and more sustainable returns over the long term.

There are a number of tools in place to monitor and assess ESG. The approach needs to be flexible to account for a very wide range of strategies across equities and fixed income. However, the principles and the focus remain consistent.

2.1.1 MIFL's Proprietary ESG Score

In addition to the standard investment considerations, the ESG team examines the manager's approach to ESG. Both aspects are interlinked. That is, MIFL believes that firms that operate with a strong ESG framework are less likely to face regulatory problems; are less risky from an operational perspective; display enhanced transparency; and deliver long-term sustainable products by minimising risks of environmental and social liabilities. That is why MIFL maintains a MIFL ESG Score for all funds on its Buy List. The scores range from 1 (Laggard) to 5 (Leader). This includes funds classified as Article 6, 8 & 9 under the SFDR.

Both quantitative and qualitative inputs are used to produce this score and to assess a manager's capabilities and commitment to ESG, relating to the three pillars of Parent, Process and Portfolio. All Managers are asked to complete an ESG Questionnaire, containing circa 80 detailed questions on sustainability and ESG. This Questionnaire is then used to complete the qualitative Parent and Process assessment. The Parent pillar relates to the 'parent' company and Process involves an assessment of the investment process and team behind the strategy. The Portfolio pillar is the quantitative assessment of the rating, and leverages ratings from the MSCI ESG Manager tool. Typically, MIFL reviews this ESG Questionnaire annually and enhances it to ensure we are aligned with best market practice and changing trends.

This rating is reviewed and updated annually for those strategies included in MIFL Article 8 or Article 9 funds.

2.1.2 Framework for MIFL's Multi-Manager Sustainable Investment Funds

MIFL leverages relationships with boutique managers and global leaders, providing exposure to niche strategies often unavailable to retail investors. Combining managers with different styles and asset classes reduces concentration risk and smooths performance across market cycles. It also means that for each fund we are selecting those managers that deliver towards the ESG or sustainable investment objectives in different ways, bringing diversification to the portfolios.

2.1.2.1 Framework for Manager Selection for inclusion in MIFL Sustainable Investment Multi-Management Funds

There are two thresholds for the selection of strategies for inclusion in MIFL's Article 8 and Article 9 funds: internal assessment and external assessment.

Article 8

Internal Assessment:

Each underlying fund/mandate must have a minimum MIFL ESG Score of 3, based on MIFL's Proprietary ESG Score framework.

External Assessment:

Underlying funds and strategies: 100% of the MIFL Article 8 portfolios must be allocated to mandates/funds that meet the Article 8 or Article 9 classifications under the SFDR.

Article 9

Internal Assessment:

Each underlying fund/mandate must have a minimum MIFL ESG Score of 3, based on MIFL Proprietary ESG Score framework.

External Assessment:

Underlying funds and strategies: 100% of the MIFL Article 9 portfolios must be allocated to mandates/funds that are subject to Article 9 of the SFDR.

2.1.2.2 Additional considerations of funds/ mandates for inclusion in MIFL Sustainable Investments

Even if the minimum criteria have been met, before selecting a fund/mandate for inclusion in a MIFL Article 8 or 9 strategy, MIFL must also gather information on the sustainable investment approach taken by the manager in line with Article 8 and 9 disclosure requirements contained in the SFDR. The type of information that MIFL will request from the third-party manager includes:

- ESG/sustainability themes promoted.
- ESG/ sustainability investment approach, including definition of sustainable investments in accordance with Article 2 (17) SFDR.
- ESG investment strategy and binding elements.
- Target asset allocation (sustainable investments, taxonomy-aligned investments, investments used to attain environmental and/or sustainability promotion and other).
- Use of sustainability indicators, including PAIs, where relevant.
- A policy of monitoring governance breaches of international norms.

MIFL will only appoint third-party managers to the Article 8 or Article 9 Fund if it is satisfied with the information provided with regards to the sustainable investments' approach and that the objectives are in line with those of the overall portfolio's ESG or sustainable investment objectives.

ESMA Guidelines on Fund's names Regulation

A further consideration is the [ESMA guidelines on funds' names](#) regulation. This came into effect in May 2025 and seeks to prevent greenwashing by ensuring that fund names using ESG or sustainability related terms accurately reflect the fund's investment strategy. It covers any fund name containing terms including ESG, green, climate transition, impact, social, governance and sustainable, or any related terms. There are key requirements that must be met specific to each term, including a 50% investment threshold, an additional rule for funds using the word 'sustainable', exclusion criteria based on the EU Climate Transition Benchmark (CTB) and Paris Aligned Benchmark (PAB) and names with 'transition' or 'impact' must show a clear measurable path toward environmental or social transition or impact. Many of MIFL's sustainable investment funds were deemed by MIFL as in-scope, and the necessary changes made to ensure compliance with the regulation.

2.1.2.3 Framework for Portfolio Construction of MIFL Sustainable Investment Multi-Management Funds

Based on a review of the information received from the selected managers, and with consideration of the overall sustainability objective/environmental or social promotion, MIFL will then finalise the approach to be taken at the level of the Fund with regards to:

- Target asset allocation and any commitments (sustainable investments, taxonomy aligned investments, investments used to attain environmental and/or sustainable promotion and others).
- Other than the minimum criteria referred to in point 1 or any other binding elements to the strategy.
- Use of derivatives.
- A policy of monitoring governance breaches of international norms.

In constructing the portfolios, we are aligning the investments to outperform the stated investment objective and environmental or social one using sustainability indicators, including PAI.

2.1.2.4 Derivative Usage in MIFL Article 8 and Article 9 funds

MIFL Article 8 Funds

There is no regulatory guidance under the SFDR on the minimum thresholds for ESG characteristic promotion of Article 8 funds, but ESMA does contain such guidance. As a result, we will categorise Article 8 funds into: 1) In-scope of ESMA fund names guidelines regulation and 2) Not in-scope of ESMA fund names guideline regulation.

However, the following approach to derivative usage will apply to both categories:

When using derivatives within Article 8 strategies, the determination of ESG Characteristic Promotion will be dependent on the underlying instruments that the derivative is based on.

If it is not possible to assess the underlying instrument (example: FX, interest-rate swaps, inflation swaps) the derivatives will not be included in the calculation of ESG Characteristic Promotion investments.

If it is possible to assess the underlying instrument and it is assessed as not promoting ESG Characteristics (example: CDX and futures), they will be included in the calculation of ESG Characteristic Promotion investments as not promoting ESG Characteristics.

1) In-scope of ESMA Fund Names Guidelines Regulation

For Article 8 funds that fall in scope of regulation such as the ESMA fund name guidelines regulation, that require a minimum of 80% of the underlying securities promoting the ESG characteristics of that fund, the use of derivatives is limited to a max of 20% notional to ensure compliance with the requirements. This balance must be adjusted in line with holdings in cash and or other investments not promoting ESG characteristics. The portfolio manager must ensure that this threshold is adhered to at portfolio level, in addition to any other additional requirements of this regulation, such as the Paris Aligned Benchmark (PAB) Exclusions or Climate Transition Benchmark (CTB) Exclusions. Consideration of the requirements are linked to the term included in the fund name.

The derivatives used for such funds must be in line with the parameters set out in the Investment Guidelines.

2) Not in-scope of ESMA Fund Names Guideline regulation.

For Article 8 funds not in scope of such regulation, the normal threshold requirements apply, i.e. the MIFL ESG rating of 3 or higher, and the strategy must meet an Article 8 or Article 9 classification as per the SFDR. However, there are no threshold requirements around cash or derivatives.

MIFL Article 9 Funds

Use Notional exposure but remove ineligible assets from the calculation:

When using derivatives within article 9 strategies, the determination of sustainability will be dependent on the underlying instruments that the derivative is based on.

If it is not possible to assess the underlying instrument (example: FX, interest rate swaps, inflation swaps) the derivatives will not be included in the calculation of sustainable investments.

If it is possible to assess the underlying instrument and it is assessed as non-sustainable (example: CDX and futures), they will be included in the calculation of sustainable investments as non-sustainable.

Following an assessment of the approach of peers on the use of derivatives, MIFL has set a maximum allowable threshold for non-sustainable investments to a maximum of 20% net notional, consisting of cash and derivatives only. The underlying investments will remain 100% sustainable.

The advantage of our proposed method is that there is transparency in the calculation, while allowing flexibility to manage the clients' assets. While the analysis was undertaken with a view of creating flexibility for fixed income portfolios, the same flexibility can be offered to the equity funds. This will allow the portfolio managers the ability to reduce or add risk when appropriate.

2.1.2.5 Monitoring Framework of MIFL Sustainable Investment Funds

MIFL continuously monitors the implementation and attainment of the ESG goal/sustainable investment objective of its sustainable investment funds.

To do this, MIFL will:

1. Leverage delegate managers and target funds reporting that will demonstrate how the individual fund/mandate is attaining its specific ESG goal/ sustainable investment objective.
2. Monitor at the level of the sub-fund using a variety of PAI and ESG metrics.
3. Monitor the quarterly PAI reports for MIFL Sustainable Investments produced by the IOPA Team to monitor each strategy across its stated ESG/sustainability objectives in respect of its Article 8 or Article 9 designation.

MIFL follows-up with the underlying managers where necessary based on the above, e.g., poorly performing PAI/ESG metric at the level of the fund that can be linked back to the fund/mandate in question.

In addition, MIFL also requests:

- That the Investment Guidelines for all managers of mandates included in MIFL Sustainable Investments include an outline of the above for the manager to sign, attesting that they will meet these criteria.
- That the managers of mandates included in MIFL Sustainable Investments provide the ESG team with an updated spreadsheet quarterly of their monitoring of their chosen sustainability indicators for all securities held in the strategy they manage, to demonstrate their suitability for inclusion in the strategy and how they are achieving the ESG characteristic promotion or sustainable investment objective of that strategy.
- For all underlying managers held in MIFL Article 8 or 9 funds to complete the relevant ESG Questionnaire annually to allow MIFL complete the 3Ps annually to demonstrate that a strategy continues to meet MIFL's required threshold of a rating of 3 or higher in its Proprietary ESG Score.
- Finally, analysts will engage all the underlying managers for MIFL Sustainable Investment at least once annually.

2.1.2.6 Annual Account: Periodic Disclosures

MIFL must include completed periodic annex disclosures for all MIFL Sustainable Investments and include them as part of the Annual Reports. The SFDR sets out specific templates (Annexes IV and V) for each Article 8 and 9 fund respectively, which is linked to the information set out in the prospectus in the pre-disclosure Annexes (Annexes II & III). These are detailed disclosures and must be made using the mandatory templates as set out in the SFDR RTS, which should be included as annexes to prospectuses and annual reports and area available on the MIFL website.

2.1.2.7 Quarterly PAI Reports

To monitor MIFL's Sustainable Investments, those classified as Article 8 or Article 9 under the SFDR, MIFL has chosen bespoke PAIs for each fund that it believes are aligned with the environmental and/or social characteristic promotion or the sustainable investment objectives of each fund. This approach was designed to satisfy MIFL that each sustainable investment is progressing regarding its ESG or Sustainable Investment objective, in addition to the due diligence monitoring of the underlying strategies, outlined above in 2.1.2.5.

More detailed descriptions of the PAI selected for each fund are available in the SFDR annex disclosure documents, including the pre-disclosure annexes included in the MIFL prospectus or the periodic disclosure annexes published with the Annual Accounts. Both documents are available on the MIFL website.

As part of the ongoing review of Article 8- and Article 9-designated managers, the ESG Team has developed a template that incorporates both quantitative ESG metrics from MSCI and a qualitative ESG review carried out by the ESG Team and the portfolio manager responsible for the strategy.

The purpose of the template is to combine the qualitative and quantitative evidence on how each strategy performs across its stated ESG/sustainability objectives in respect of its Article

8 or Article 9 designation. It also identifies ESG areas for improvement and monitoring that the team will discuss with the respective manager during ongoing periodic calls.¹

These Quarterly Reports are shared with the MIFL Investment Committee and Board of Directors for review.

Figure 5: Example of a Quarterly PAI Report



2.1.3 Engagement with Low-Scoring Managers

As part of our periodic review of 3Ps of Article 6 strategies, the ESG Team at MIFL will engage with a selection of managers that score low on MIFL’s proprietary ESG rating. The purpose of this engagement is to encourage managers to make changes to their responsible investment approach and to improve their ratings.

¹ MIFL’s quarterly PAI reports are tailored to monitor the promotion of ESG characteristics or the sustainable investment objectives of the MIFL Sustainable Investments. In line with the fund classification outlined in the SFDR, MIFL takes into account PAI indicators per strategy. The prioritisation of PAIs for the different investment strategies follow the ESG priorities and sustainable objectives of the funds. More detailed descriptions of the prioritisation of these PAIs are available in the pre-disclosure Annexes included in the prospectus and in the periodic disclosures that form part of the annual accounts

2.2 Single Securities ESG Framework

MIFL's Single Securities Team integrates ESG into the management of its portfolios, engages with investee companies as part of a new engagement framework in conjunction with Glass Lewis and is a participant in MIFL's proxy voting². Furthermore, the portfolios managed by the team adhere to the firm's Controversial Weapons Policy³.

The Single Securities ESG framework, similar to MIFL's multi-management approach, prioritises SDGs 5, 7, 12 and 13 and the six key PAIs associated with those. This framework guides the ESG Team's efforts and reflects MIFL's commitment to climate change, clean energy and gender equality. We seek to affect change through our stewardship activities. MIFL looks to affect improvement over time through engagement via our Single Securities Team across the PAI and in turn the prioritised SDGs. MIFL's Proxy Voting Policy is also aligned to our prioritised SDGs.

2.2.1 ESG Integration

MIFL's Single Securities Team is structured around three sub-asset classes: Fundamental Equities, Quantitative Equities and Fixed Income. Although the three teams follow the firm's overall responsible investment framework of active ownership and risk management, ESG integration for each sub-asset class is outlined below, reflecting the idiosyncrasies of each asset class.

2.2.1.1 Fundamental Equities

The team monitors MIFL's prioritised PAIs with the goal of achieving long-term progress on chosen SDGs 5, 7, 12 and 13, corresponding to Gender Equality, Affordable and Clean Energy, Climate Action and Responsible Consumption and Production. The team has access to MSCI ESG Manager for underlying PAI data.

The identification of sustainability themes and the subsequent detection of companies with exposure to these themes can help to provide a competitive edge. These themes may include structural growth areas, including renewable energy production, decarbonisation of industrial processes, sustainable agriculture and food production, resource conservation and the circular economy.

Understanding companies' exposure to these areas can help to uncover sustainable competitive advantages, which may lead to increased market share or superior profitability in one of these industries. MSCI ESG Manager, sell-side research, company reports and information garnered from company engagement can assist in this.

Assessing companies' exposure to industry-specific ESG risks, which are non-financial business risks, helps to identify business or operational risks which may not be apparent through traditional fundamental analysis. A focus on non-financial risk provides an edge to our fundamental research.

ESG research findings are stored in MIFL's proprietary research template so that they can be easily shared across the team.

² Refer to section 3

³ Refer to section 1.5

2.2.1.2 Quantitative Equities

The team monitors MIFL's prioritised PAIs with the goal of achieving long-term progress on chosen SDGs 5, 7, 12 and 13, corresponding to Gender Equality, Affordable and Clean Energy, Climate Action and Responsible Consumption and Production.

The team has access to MSCI ESG Manager for underlying PAI data. These metrics can be tracked alongside the team's factor models for a universe of over 8,000 companies. This exercise helps in the identification of global leaders and laggards in countries and sectors from a PAI point of view.

PAI data is updated daily and can be assessed at a single security level or an aggregated portfolio level. Data can also be passed into the team's optimisation process, which can be used to directly assess the impact of portfolio rebalances.

2.2.1.3 Fixed Income

MIFL's Fixed Income Team monitors ESG metrics and the performance of MIFL's chosen PAI on a regular basis, including at the monthly Sub-Investment Group meeting. It uses MSCI for overall portfolio analysis and the Moody's ESG scoring system to assess issuers' ESG metrics. The Moody's ESG scoring system is also used in internal reporting on every sovereign and corporate name across the portfolios, allowing the team to execute detailed analysis of each issuer and make investment decisions accordingly.

The team monitors the PAI at a fund level and on an intra-fund basis by examining the biggest drivers of the indicators at the sector and security level. This helps with the decision-making process in identifying bonds aligned with MIFL's prioritised PAIs. The funds' PAI exposures are measured at least monthly.

Portfolio managers consider ESG and PAI metrics along with other investment, technical, fundamental and valuation factors in the management of their portfolios. The metrics are a valuable source of information from a risk point of view.

2.2.2 Engagement with Investee Companies

MIFL uses engagement as a tool to encourage companies to better manage salient ESG risks, to encourage disclosure and to improve transparency levels.

Starting in 2024, MIFL partnered with Glass Lewis' Stewardship Team to expand its engagement program. Working collaboratively with Glass Lewis, MIFL created a comprehensive selection framework. A total of 50 engagement targets were selected in two stages. During the screening and filtering process, the 30 worst performing companies – based on MIFL's prioritised PAIs – were selected. Then through an iterative calibration process 20 more companies from within the worst 5% of performers on these prioritised PAIs were strategically selected to balance engagement across PAIs, industries and territories, while ensuring representation across MIFL's portfolios.

After the engagement target list is created, individual profiles for each company are created. These reports contain detailed information about companies' sustainability characteristics and underlying metrics to guide and maximise the engagement dialog.

Progress on engagement for each target company is tracked and documented on a web-based platform to ensure transparency and accountability. MIFL conducts a comprehensive review of the engagement program's overall progress and impact every three years.

Annually, MIFL assesses each company's situation and progress against engagement objectives, updating the scope or specific objectives as needed. If a company regresses or fails to demonstrate meaningful progress, MIFL may mark its engagement objectives as "Insufficient Action," signalling potential escalation. For unresponsive companies, MIFL seeks additional contacts and may escalate by requesting a meeting with the Company's Board Chair.

This structured approach enables MIFL to consistently monitor progress and take proportionate action when engagement goals are not met.

Currently, the number of companies targeted for engagement within the different sub-asset classes are as follows:

Fundamental Equities	23 companies
Quantitative Equities	43 companies
Fixed Income	16 companies

2.2.3 Framework for Quantitative Equities for management of an Article 8 strategy/internal sleeve

In 2025, MIFL's Single Securities Quantitative Team will manage an Article 8 sleeve for inclusion in a MIFL Article 8 fund.

To define the ESG characteristics and binding elements for this Article 8 strategy, the MIFL's Single Securities Quantitative Equity team has developed an ESG framework consisting of three core pillars, which forms the basis for its approach:



This approach is enabled by the integration of ESG data and factors into the team's portfolio optimisation, analytics and research platforms. This allows the team to target and monitor ESG factors alongside traditional factor and risk exposures.

Strategies are rebalanced on a periodic basis to maintain the target ESG commitments and characteristics. Three layers of oversight and monitoring are applied to ensure that the strategy is appropriately positioned. Firstly, the Quantitative Equity Team monitor strategy ESG exposures (utilising MSCI data) as part of their daily risk review. Secondly, the MIFL compliance team run a weekly screen to identify key sustainability risks and raise these with the portfolio managers for review. Finally, the MIFL risk team runs a monthly sustainability dashboard which is reviewed by the MIFL Board.

Section 3: Proxy Voting Policy

MIFL has a strong commitment to stewardship, also referred to as active ownership. MIFL's policy is to vote on all securities that it is entitled to on behalf of clients. MIFL believes stewardship helps to realise long-term shareholder value by providing investors with an opportunity to enhance the value of companies that are more consistent with long-term investor timeframes. For example, voting on resolutions at company's annual general meetings (AGMs) and meeting with company management on issues are important aspects of ESG policy.

In order to have a more holistic and considered approach to ESG, there are a number of different ways to achieve an effective policy as it relates to proxy voting and engagement. MIFL is looking to enhance its approach, which will vary depending on the type of investment:

- **Target funds:** Where a fund is regulated, MIFL seeks voting and engagement policies and reports on the activity that has taken place in the fund. At the initial stages, the focus is on our larger target equity fund investments. This practice forms part of MIFL's engagement questionnaire, which is sent yearly to all strategies. Additionally, on the yearly ESG engagement call updates with managers, this and other key ESG topics are typically discussed.
- **Delegate equity mandates/directly managed equities:** While voting sits with MIFL, Glass Lewis has been engaged as a proxy voting service provider. It provides voting recommendations based on a pre-agreed set of principles. MIFL has customised this policy in line with our prioritised SDGs (5, 7, 12 & 13). Those principles are formulated to align MIFL's corporate governance philosophies and investment objectives with proxy voting activities. MIFL maintains its own Proxy Voting Policy for mandates and directly managed strategies. Over time, this policy will assist in improving the environmental profile of portfolios.

The proxy voting policy promotes best practice with respect to a company's climate-related initiatives and policies. The policy makes voting decisions that promote a transition to a low-carbon future and also make financial sense by considering a company's size, sector, and exposure to material environmental risk. This is guided by the Task Force on Climate-related Financial Disclosures, which is based on four pillars: governance, strategy, risk management and metrics & targets.

The policy also recommends voting against male members of the nominating committee when small-cap companies do not have at least one woman on the board and when large and mid-cap companies have less than 30% female representation on the board of directors. These are in line with our prioritisation of SDG 5.

The policy is also customised to vote against the members of the nominating and governance committee when a company that is a constituent of the Russell 1000 receives a poor score in Glass Lewis' Diversity Disclosure Assessment.

The Diversity Disclosure Assessment is an analysis of companies' proxy statement disclosures relating to board diversity, skills and the director nomination process. This assessment reflects how a company's proxy statement presents:

- (i) The board's current percentage of racial/ethnic diversity.

- (ii) Whether the board’s definition of diversity explicitly includes gender and/or race/ethnicity.
- (iii) Whether the company has adopted a policy requiring women and minorities to be included in the initial pool of candidates when selecting new director nominees (“Rooney Rule”).
- (iv) Board skills disclosure.

The MIFL custom voting policy also integrates additional elements concerning governance and sustainability principles to reflect best governance practices. To drive long-term shareholder value, companies require a social license to operate. A lack of consideration for stakeholders can present legal, regulatory and reputational risks. With this view, the Climate Policy will vote against the chair of the board in instances where companies who are not signatories or participants in the United Nations Global Compact (“UNGC”) or that have not adopted a human rights policy that is aligned with the standards set forth by the International Labour Organization (“ILO”) or the Universal Declaration on Human Rights (“UDHR”).

Figure 6: Overview of MIFL’s engagement and voting policy

Vehicle	MIFL Voting	MIFL Engagement
Target Funds	No Voting is per the specific asset manager policy	Yes MIFL ESG Questionnaire and ongoing manager meetings
Delegates	Yes Outsourced to Glass Lewis for the majority of funds, with a few exceptions such as Impact and Italian equities	Yes Even though MIFL exercises voting, it will still engage with managers as to their overall parent-level approach on ESG ESG Questionnaire and ongoing manager meetings

MIFL publishes a Quarterly Proxy Voting Summary available on the [MIFL Website](#).

Section 4: Carbon Reduction Objective

While MIFL continues to monitor the carbon indicators as outlined in 1.3 as part of the Group's 2024 – 2026 Strategic Plan, in 2024 MIFL started a project to define carbon reduction targets across assets. The resulting framework developed as part of this project has been approved and is outlined below.

4.1 In-scope funds

Funds in-scope comprise all MIFL's sustainable investment fund range (Article 8 and Article 9 funds) as at July 2025⁴.

4.2 Carbon Footprint – Unit of Measurement

MIFL has chosen Carbon Footprint as its unit of measurement for monitoring the reduction of carbon for assets in scope. Carbon Footprint consists of emissions from all activities and processes. It is independent of AUM as it normalises emissions by the amount invested. While Carbon Footprint can include Scope 1, Scope 2 and Scope 3 emissions, due to the lack of availability of reliable Scope 3 data, MIFL will only include Scopes 1 and 2.

- Scope 1 – Direct emissions from sources owned or controlled by an organisation.
- Scope 2 – Indirect emissions from the consumption of purchased electricity, heat, or even steam.
- Scope 3 – Indirect emissions resulting from the activities of an organisation but not included in Scope 2.

4.3 Carbon Reduction Pathway

MIFL has set a carbon reduction glide path targeting a 70% reduction in Carbon Footprint (scope 1 and 2) by 2050, using 2022 as our base year.

Figure 4. MIFL's carbon reduction pathway



⁴ MIFL reserves the right to periodically review the scope and the intermediate targets to consider the trajectory, the evolution of the market and the regulatory environment.

Section 5: UN PRI

On February 17, 2023, MIFL became a signatory to the UN PRI, joining more than 5,300 other organisations around the world that publicly demonstrate commitment to responsible investment. The guiding principles of the PRI code are:

- 1) We will incorporate ESG issues into investment analysis and decision-making processes.
- 2) We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3) We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4) We will promote acceptance and implementation of the principles within the investment industry.
- 5) We will work together to enhance our effectiveness in implementing the principles.
- 6) We will each report on our activities and progress towards implementing the principles.

Section 6: Training and Culture

ESG and sustainability training within MIFL is continuous and tailored to different roles, ensuring that everyone – from analysts to senior leadership – understands the financial and societal impact of ESG factors. Equally important is promoting a culture where sustainability and responsible investing are core values. This means promoting open dialogue about key ESG topics, rewarding ESG innovation and aligning incentives with long-term outcomes. When ESG is embedded in both knowledge and culture, it transforms from a regulatory requirement into a strategic advantage. For more information about training and culture, please refer to MIFL's Sustainability Policy.

Appendix

MIFL Multi-Management Team ESG Summary Table

	All funds*	Article 8 and Article 9 funds**
MIFL ESG Score	✓	✓
Annual assessment of MIFL Sustainable Investments to ensure a minimum MIFL ESG Score of 3 – including initial due diligence and assessment of sustainable investment approach of underlying manager(s)		✓
MIFL ESG Engagement Questionnaires sent to managers	✓	✓
Monthly monitoring of MSCI ESG Manager score on Buy List	✓	✓
PAI: Quarterly monitoring report at entity level	✓	✓
PAIs: Annual engagement with managers regarding PAI scoring	✓	✓
Engagement with Low-Scoring Managers	✓	✓
Ad-hoc engagement with managers regarding key topics (controversial stock in portfolio, firm's news item, etc.)	✓	✓
Annual review to make sure that MIFL criteria is holding		✓
Monitoring of MIFL Sustainable Investments: Quarterly PAI Report		✓
Sustainability indicators disclosure. MIFL will comply with the periodic annual disclosure requirements under the SFDR through the publishing of the Annexes IV & V with MIFL's annual accounts		✓

* This applies to all third-party manager funds and mandates

** This applies to all third-party manager funds and mandates classified as Article 8 or Article 9 and included within MIFL Article 8 or Article 9 Funds

Disclaimer

Data is as of November 2025 unless otherwise stated. Source: Mediolanum International Funds Limited (“MIFL”).

The information contained herein is for informational purposes only and may be subject to change. It does not constitute investment or any other advice or recommendation, nor does it constitute an offer or invitation to anyone to invest in a product and should not be construed as an offer to sell or a solicitation of an offer to buy and should not be used for making investment decisions.

The information contained herein is obtained from or based on sources that MIFL believes to be reliable. While every effort has been made to ensure the accuracy of the information contained in this document, MIFL makes no representation or warranty of any kind, express or implied, as to the accuracy, completeness or freedom from error of the information contained herein and accordingly neither party shall have any liability, direct or indirect, in connection therewith with an investor’s reliance on that information. Investors should understand all characteristics of the fund and not just its characteristics in relation to sustainability prior to investing. Further information on sustainability-related aspects of the products offered by MIFL is available at www.mifl.ie/sustainability.

This document is addressed to regulated distributors and investment advisers of MIFL products in Italy, Spain and Germany only, who are prohibited from reproducing, distributing, storing or transmitting this material without MIFL’s written consent (or the consent of a third-party rights owner where relevant).

The information contained herein is without prejudice to existing contractual, legal and regulatory requirements for distributors and/or the investment advisors, such as the provision of prescribed product documentation to prospective investors and the provision of investment advisory services for suitable products that correspond to the risk profile of the prospective investor.

The content of this publication contains intellectual property rights, logos and trademarks proprietary to MIFL (or other third parties). Nothing in this publication or media should be considered as granting any license or right in respect of the reproduction or commercial use of any intellectual property of MIFL or any third party.

MIFL is part of the Mediolanum Banking Group and is authorised by the Central Bank of Ireland as a UCITS fund management company and Alternative Investment Fund Manager.

A summary of investor rights associated with an investment in a fund is available at www.mifl.ie.