Policy for Products and Responsible Investment

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1 VERSION HISTORY

Version 1.0 - Prepared by	MIL Product Manager	June 2023
Reviewed by	MIL General Manager	June 2023
Approved by	MIL Board of Directors	June 2023

2 REGULATORY BACKGROUND

Mediolanum International Life dac (“MIL” or “the Company”) is authorised by the Central Bank of Ireland as a private limited life insurance company. MIL is a 100% owned subsidiary of Banca Mediolanum S.p.A. and is a member of the Mediolanum Insurance Group, where its operations are over-seen under the auspices of a protocol with Mediolanum Vita S.p.A. who is responsible for monitoring all entities within the Mediolanum Insurance Group

The Mediolanum Vita Group Policy for Products and Responsible Investment dated December 19, 2022, has been taken into consideration in the preparation of this Policy for Products and Responsible Investment (the “Policy”), while implementing Irish regulations and legislation. Consideration is also given to the Responsible Investment approach of Mediolanum International Funds (“MIFL”), a group Company appointed as MIL’s investment manager and its Responsible Investment policy, dated July 2022.

MIL sets forth this Policy which defines the basic principles and guidelines for the development of Responsible Products and Responsible Investment, to address the transparency rules and objectives set forth in Regulation (EU) 2019/2088 on sustainability disclosure.

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation (SFDR), is part of the European Commission's sustainable finance action plan, which aims to direct capital flows towards sustainable investments with a long-term perspective, integrate sustainability into financial management and promote transparency in the long-term.

The provisions envisaged by the SFDR, in force from 10 March 2021, were completed by Delegated Regulation No. 2022/1288, effective from 1 January 2023. This Delegated Act is consolidated in a single regulatory text, the regulatory technical standards (RTS), developed in 2021 by the three European Supervisory Authorities of the financial sector; the European Banking Authority (EBA), the European Securities Market Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), and defines the contents and methods for presenting the disclosure requirements outlined by the SFDR for financial market participants and financial advisors.

This Policy has been put in place to address the above regulatory requirements and outlines the approach taken with regards to responsible investment. The SFDR also introduces additional disclosure requirements for funds and products that promote environmental and/or social characteristics (Article 8) or have a sustainable investment objective (Article 9). This Policy outlines the approach MIL has taken regarding Article 8 and 9 Funds and Products. The scope and application of the Policy and the responsibilities and obligations arising under the Policy are also set out in this document.

3 EXECUTIVE SUMMARY

MIL recognises the real and present threat of climate and other sustainability risks to the economy and world. Sustainability is an essential part of the Mediolanum Group's values and culture. This commitment is demonstrated by the desire to generate added value for all stakeholders, the success of which ensures the sustainability of the Group's business.

MIL believes a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that:

- ESG factors can have a material impact on long-term risk and return outcomes and should be integrated into the investment management process
- Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends, is likely to lead to improved risk management and new opportunities
- A sustainable investment approach that considers ESG risks and opportunities is in the best interests of the Company's policyholders and the wider community
- Implementing, over time, a standardised and integrated reporting, which incorporates material sustainability information with financial information, plays an important role in informing investors of the impact of their investment activities and their investment decision making
- Stewardship (or active ownership) supports the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets
- MIL has appointed MIFL as its investment manager. MIFL provides discretionary portfolio management services to MIL.
- Constructive engagement by the Company's delegated investment manager MIFL, is an effective way to promote positive and progressive ESG policies.
- MIFL has implemented a Responsible Investment Policy that demonstrates its commitment to integrating the factors of environment, social and corporate governance into its investment analysis, decision-making processes, and the practice of actively exercising shareholder rights. Please refer to Responsible Investment policy at Sustainability (mifl.ie)
- MIFL applies this Policy to all its clients including, funds managed by MIFL and those non-fund clients who have engaged MIFL as a discretionary portfolio manager (including MIL). Whilst there may be distinct differences between the legal structure and mandates granted by different clients, MIFL follows a consistent process and implements a common governance framework for all its investment management activities.

4 ROLES AND RESPONSIBILITIES

MIL is the owner of this Policy. Reports will be provided to the Company's Board on those topics covered by the Policy. MIL is committed to an ongoing and long-term process of improving its approach to integrating ESG into its investment management process. As a result, this Policy reflects MIL's current approach, and it expects that this Policy will evolve over time to reflect changes in business practices, business structures, technology, and regulations. Accordingly, MIL will review the Policy at least annually and recommend amendments as necessary.

Role	Responsibility
Board	Approval of the Policy for Products and Responsible Investment on a periodic basis
MIFL	Appointed Investment Manager for MIL
MIL – General Manager	Due diligence assessment of MIFL's management of funds and ESG integration/ Responsible Investment approach
MIL - Product	Monitoring of MIL Responsible Investment products
Compliance	Assist with interpretation, implementation and compliance with sustainable regulation
Risk	Support in monitoring and assessing sustainability risks
Internal Audit	Periodic internal audit reviews of the Responsible Investment Framework

5 SCOPE OF THE DOCUMENT

The Policy applies to the investment activities of Mediolanum International Life dac, regarding both its own investments and those of the underlying assets of its insurance and investment products.

The document outlines the roles, processes and tools to support the integration of ESG factors into its investment processes. The principles referred to in this policy can be implemented in the process regulations and in the operating procedures for the development and management of MIL products, in which the criteria adopted, the application methods, the players, their roles and responsibilities, the operating and control activities, on which compliance with the regulations and the Group guidelines are based, can be further fine-tuned.

MIL, working through its Investment Manager MIFL, defines responsible investment as the integration of sustainability considerations, including environmental, social and corporate governance (ESG) factors, sustainability risk and active ownership in the decision-making process. Central to the investment process is the analysis of each investment's ability to create, sustain and protect value to ensure that it can deliver returns. Where appropriate, MIFL, will also seek to engage and vote with the objective of improving performance in these areas. It is MIL's responsibility to protect the interests of our products from the impacts of financial and non-financial risks.

6 PRINCIPAL ADVERSE IMPACTS

Sustainability factors are understood as environmental, social and governance issues, respect for human rights and issues related to the fight against corruption (Article 2, paragraph 24 of the Sustainable Finance Disclosure Regulation "SFDR").

The SFDR provides specific environmental and social metrics that firms should calculate and monitor on an ongoing basis when Principal Adverse Impacts (PAI) are considered as part of the investment process. The PAIs, as defined by EU Regulation 2019/2088 and the related Regulatory Technical Standards, are detailed in Commission Delegated Regulation (EU) 2022/1288.

The PAI indicators are a way of measuring how issuers negatively or positively impact sustainability factors (reference to Article 4 of Regulation (EU) 2019/2088 − SFDR).

There are eighteen mandatory PAI indicators, fourteen of which are applicable to investments in investee companies, two to investments in sovereign and supranational securities and two to real estate investments (not applicable to MIL currently).

Regulation (EU) 2019/2088 requires the selection of two additional voluntary indicators, one of which is environmental (Table 2, Annex I) and one social (Table 3, Annex I).

6.1.1 CONSIDERATIONS OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY

MIL considers the principle adverse impacts on sustainability factors, to monitor, maintain and reduce, in the long-term, the effects of investment decisions that have a negative impact on sustainability factors.

In accordance with Article 4 of Regulation (EU) 2019/2088, the Company measures and monitors 16 mandatory indicators[1], of which 14 are applicable to investments in investee companies and concerning macro-areas relating to greenhouse gas emissions, biodiversity, water resources, waste and other indicators on social and personnel issues. On the other hand, 2 PAI indicators are applicable to investments in sovereign and supranational issuers.

Under Regulation (EU) 2019/2088, MIL is required to select two additional voluntary indicators. From the available environmental options under "additional climate and other environment-related indicators" [Table 2], MIL has chosen PAI 4 – "Investment in companies without carbon emissions reduction initiatives", as it is complementary to its selected and prioritised indicators linking in with SDG 13.

From the available social options under "additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters" [Table 3], MIL has selected PAI 9 – "Lack of a human rights policy", for its broad applicability across companies and sectors.

See Table 1 below for the full list of MIL's Mandatory and Voluntary PAI.

[1] There are 18 mandatory PAI indicators, but 16 are applicable for the Company: 14 with reference to investments in associated companies (9 regarding the environmental part and 5 concerning the social part) and 2 with reference to investments in sovereign and supranational securities. At present, the two PAI indicators relating to investments in real estate are not recorded due to the unavailability of data.

Table 1. MIL's mandatory and voluntary Principal Adverse Impact Indicators

Mandatory PAI indicators applicable for investments in investee companies	
PAI	**Mandatory Environmental PAI**
1	GHG emissions
2	Carbon footprint
3	GHG intensity of investee companies
4	Exposure to companies active in the fossil fuel sector
5	Share of non-renewable energy consumption and production
6	Energy consumption intensity per high impact climate sector
7	Activities negatively affecting biodiversity-sensitive areas
8	Emission to water
9	Hazardous waste and radioactive waste ratio
	Mandatory Social PAI
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12	Unadjusted gender pay gap
13	Board gender diversity
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Mandatory PAI Indicators applicable to investments in sovereigns and supranationals	
PAI	**Mandatory Environmental PAI**
15	GHG intensity
	Mandatory Social PAI
16	Investee countries subject to social violations

Additional Voluntary PAI	
PAI	**Voluntary Environmental PAI**
4 (Table 2)	Investment in companies without carbon emissions reduction initiatives
	Voluntary Social PAI
9 (Table 3)	Lack of a human rights policy

Each of the mandatory and optional indicators selected will be measured with reference to the investment products on a quarterly basis, as required by regulation.

The four quarterly disclosures will be aggregated into an average annual figure and published in accordance with the SFDR Regulation, in the Annex I Questionnaire on the MIL website.

The continuous measurement of the indicators over time seeks to monitor the risk of potentially negative impacts related to investments on sustainability factors and their improvement in the long term. MIL adopts controls and measures based on the data and information currently available and undertakes to refine this process in line with the evolution of the market, data and information as it becomes available.

With reference to the available data, MIFL working with the Groups Markets and Insurance Assets Unit, monitor the PAI indicators of the Company's products using the information provided by the provider MSCI ESG Manager.

Under the SFDR, MIL must publish its measurement of the above PAI indicators at entity level, based on its underlying Assets under Management. The Annex I Questionnaire along with MIL's PAI statement will be published on the MIL website by the 30th of June 2023. Please refer to the "Statement on principal adverse impacts of investment decisions on sustainability factors" document at mildac.ie/sustainability.

6.1.2 MIL'S PRIORITISED PAI

In addition to MIL's approach to Principal Adverse Impacts on sustainability factors at entity level for the SFDR, MIL will prioritise six PAI indicators.

In line with the requirements of Regulation (EU) 2019/2088 and with the approach established by the parent company, MIL has defined the following principles on which to prioritise the PAIs and related indicators at the entity level:

- Consistency between the selected PAIs and the environmental, social and good governance objectives defined at Group level;
- Availability of data from external sources;
- Coverage of the data of a specific indicator with respect to the weight of issuers/financial instruments in the portfolio.

Based on the above, the Company has prioritised the following six indicators to monitor:

- PAI 1: Greenhouse gas emissions,
- PAI 2: Carbon footprint,
- PAI 3: GHG intensity of the companies benefiting from the investments,
- PAI 5: Share of non-renewable energy consumption and production
- PAI 9: Hazardous waste ratio
- PAI 13: Board gender diversity

6.1.3 RESPONSIBLE INVESTMENT PROUCTS

In the case of products referred to in Article 8 or 9 of Regulation 2088, the Company will from time to time, based on the characteristics of the product, determine whether and which PAIs are to be actively managed. The information will also be provided in the specific annex to the fund's prospectus.

There are very prescriptive disclosures required for responsible investment (SFDR Article 8 and 9) products/internal funds.

In line with the fund classification outlined in the SFDR, MIFL will take into account PAI indicators for each Responsible Investment Product. It is expected that the prioritisation of PAIs for the different products will follow the ESG priorities and sustainable objectives of the funds. More detailed descriptions of the prioritisation of these PAIs will be provided in the product disclosures.

See Section 8 for more detail on Responsible Investment Products.

7 RESPONSIBLE INVESTMENT

7.1.1 INTEGRATION OF SUSTAINABILITY FACTORS AND RISKS

The “ESG integration” approach, adopted by MIL, is applied to the investment decisions of the assets underlying the insurance products in different ways depending on the type of financial instrument, the materiality, or the ability to affect ESG characteristics.

For the purposes of this policy definition, in-scope assets can be classified into:

- Investment Funds. They include group and third-party funds (open-end funds, closed-end funds) in which the Company may invest directly through Internal Insurance Funds, Segregated Funds or as assets underlying the Insurance Products.

- Securities. They include investments in Bonds (government and corporate bonds) and Equities, although the latter represent a small component of assets under management.

From an operational point of view, the integration of sustainability risks completes the assessment of each investment opportunity and can be carried out through:

- ESG ratings for the financial instrument under review, collected through market information providers;
- Consultation and analysis of available public documentation (non-financial statement, press articles);
- Direct engagement of the management company in the case of Investment Funds through meetings with representatives of the party under review to collect information or documentation useful to assess the ESG strategy with reference to the specific financial instrument.

Within the framework of the assessments carried out, the Company places particular emphasis on the use of ESG ratings published and maintained by leading specialised companies covering the widest possible range of assets available for investment. The adoption of a market rating ensures the integration of a large number of significant information and indicators for the analysis of sustainability risks.

For this purpose, MSCI ESG Research was identified as the standard provider for the Group entities by virtue of a consolidated methodology consistent with the Group’s approach to sustainability.

The use of ratings represents some limitations (disclosure of inconsistent data by companies, better coverage of companies with high capitalisation, different methodologies). However, in recent years there has been a significant improvement in the dissemination and quality of data and a constant updating of the methodologies as a result of the experience gained in carrying out the activities.

A brief description of the methodology used by the provider MSCI ESG Research is provided in the appendix.

The following will describe how ESG factors are considered during the investment process.

7.1.2 FUND SELECTION AND INVESTMENT

MIL believes that ESG risks and opportunities should be assessed both in the investment fund selection process and during the portfolio construction. Investment funds of Group entities represent the largest share of the assets underlying investment insurance products.

Through the governance framework which is in place between MIL and MIFL (including SLA, Investment Guidelines, regular due diligence, KPI monitoring etc); MIL is overseeing and conducting on-going due diligence to ensure MIFL, as the Investment manager has sufficient processes in place (including the area of responsible investment) and monitors it through the regular reporting received from MIFL in this regard.

7.1.3 MIFL RESPONSIBLE INVESTMENT PHILOSOPHY

The MIFL Responsible Investment Philosophy is anchored in the corporate strategy of Mediolanum and fully aligned with the Group's sustainability goals. The ultimate objective is to develop business opportunities that are sustainable in the long term, and mitigate against sustainability risks, through the responsible management of the company.

The core of the Company's investment approach with regards to sustainability centres around responsible investing through the integration ESG factors into the entire MIFL investment process, and active engagement through proxy voting, with an aim to see improvement in the long term.

The core of MIFL's Investment approach centres around multi-manager engagement with third-party asset managers, given the large assets under management (AUM) base. Leveraging in these relationships with underlying asset managers can help to push forward the ESG and sustainable investment agenda across the broader investment management industry.

The MIFL Responsible Investment Philosophy is anchored in the corporate strategy of Mediolanum and fully aligned with the Group's sustainability goals. The ultimate objective is to develop business opportunities that are sustainable in the long term, and mitigate against sustainability risks, through the responsible management of the company. However, there are a still number of challenges facing financial services firms in addressing climate/ESG issues and that this area will likely continue to evolve from a regulatory perspective over the coming years as regulation continues to evolve in this area.

While MIFL supports the objectives of all 17 United Nations Sustainable Development Goals (SDGs), MIFL decided to prioritise three environmental-oriented SDGs (7 Affordable and Clean Energy, 12 Responsible Consumption and Production and 13 Climate Action) to assess its assets under management, with an aim to seek improvement in the long term. To measure and monitor MIFL's impact on these three SDGs at an entity level, MIFL has selected five Principal Adverse Impact (PAI) indicators aligned to these SDGs. MIFL has also chosen a sixth PAI indicator, Board Gender Diversity, which, although not linked to its three SDGs, it is an important area where they aim to deliver change. Through regular and active monitoring of these six indicators, MIFL will look to engage indirectly through the managers of their mandates or directly through engagement via their Single Securities Teams, to affect improvement over time. MIL will monitor MIFL's reporting across these PAI and engage with MIFL on these indicators accordingly.

The core of MIFL's Investment approach centres around multi-manager engagement with third-party asset managers, given the large assets under management (AUM) base. Leveraging in these relationships with underlying asset managers can help to push forward the ESG and sustainable investment agenda across the broader investment management industry.

With regard to third-party funds, it is considered essential to assess the quality of the investment company's sustainable approach. Consequently, due diligence in the selection of the investment company should also incorporate the assessment of ESG-relevant aspects and verify the presence of responsible investment approaches within the investment processes consistent with these guidelines.

Due diligence may be conducted by reviewing available documentation and administering proper questionnaires or by engaging the investment manager directly.

Such ESG assessments should be taken into account prior to any distribution or investment agreement and, in all cases, should be subject to periodic review.

The due diligence (or qualitative assessment) of third-party companies is carried out by MIFL, with the advice of the MIFL Advisor for the Asset Managers of the UCITS underlying the MIL policies, assigning a score based on the ESG integration level (1 low level, 5 high level). The assessment is mainly based on the following five issues:

1. External Assessments & Ratings: participation in international initiatives that promote dialogue on sustainability issues (Principles for Responsible Investment, Principles for Sustainable Insurance, Principles of Stewardship) and external assessments (e.g. UnPRI, Mercer, Shareaction, etc.);
2. ESG Governance: implementation of an internal regulatory framework (any remuneration policy connected to the ESG objectives) and structures focused on sustainability (presence of a dedicated team, number of resources and related responsibilities);
3. ESG Philosophy & Tools: presence of responsible investment approaches within the investment processes (e.g. ESG or sustainability policies) and the use of specialised info-providers (e.g. number of external suppliers used to support the ESG approach);
4. UN SDGs, Environmental and Social Considerations: consideration of the Sustainable Development Goals (SDGs) of the United Nations and of the PAIs and any climate objectives, targets for decarbonisation (e.g. participation in the Net Zero Asset Managers Initiative (NZAM), climate reports).
5. ESG integration within the parent's fund range: range of sustainable products pursuant to the SFDR Regulation (% of funds with ESG integration process, Article 8 and Article 9).

The valuation process of the specific fund is completed with the support of quantitative information from the provider MSCI ESG Research, monitoring the overall rating of the fund and the partial scoring of the three factors Environment, Social and Governance.

In addition to the ESG analysis of individual funds, the overall portfolio assessment is also being considered during the portfolio construction process. To monitor and contain sustainability risks, it is verified that the portfolio's total exposure to low-rated funds is limited and that the portfolio's overall ESG score remains satisfactory over time.

Any funds classified as “Laggard” or with a negative quality rating will be further investigated with the asset manager and/or the delegated investment manager. The aim is to have a limited exposure to laggard funds and improve the integration process for laggard funds.

With regard to alternative investment funds (closed-end funds) it should be noted that the investment decision-making process for these funds has taken into account ESG considerations and the methods applied to their integration into the fund's investment activity. Periodic monitoring requires details of the investments made, including ESG issues.

7.1.4 SECURITIES SELECTION AND INVESTMENT

The process of identifying, analysing and measuring environmental, social and good governance factors is of fundamental importance in assessing the sustainability risks of companies.

Investments in equities represent a minimum share of the assets managed by the Company, which favours investments in equity markets through UCITS that allow greater diversification and risk mitigation.

MIFL has adopted a policy of integration of the ESG risks into investment decisions in line with the Group's guidelines that would subsequently ensure that the assessments are consistent with MIL’s vision. MIFL was also entrusted with overseeing the engagement of issuing companies and Managers for the purposes of shareholder commitment.

In addition to economic and financial criteria, the ESG factors of the selected issuers are also taken into account in the investment decisions, as they are necessary elements for the pursuit of sustainable performance over time.

These factors are analysed using information gathered through the provider MSCI ESG Manager or available public documentation (Non-Financial Statements, press articles). Particular attention is paid to any news with a potential negative impact on the company in environmental, social and governance terms (e.g. pollution lawsuits, corruption cases, regulatory violations). The non-financial assessments contribute to the overall assessment of the investment by giving preference, all other things being equal to investments with higher ESG ratings.

To monitor and contain sustainability risks, it is verified that the portfolio's overall exposure to low-rated companies is limited and that the portfolio's overall ESG score remains satisfactory over time.

7.1.5 ENGAGEMENT AND STAKEHOLDERS

The Company's most effective activity is represented by the engagement with Asset Managers aimed at improving the process of integration of their sustainability metrics given the significant weight of the Investment Funds in the Company's Assets. Engagement with underlying managers is carried out by MIFL.

MIL considers it essential to obtain information on Asset Managers with regard to environmental, social and governance factors, in particular pursuant to the United Nations' Principles of Responsible Investment (UNPRI).

MIFL assesses and monitors the adoption by the Asset Managers of protocols and procedures, analyses the degree of compliance, the main corporate strategies, the implementation of sustainability issues and the controls adopted to prevent and mitigate possible social and environmental impacts of their commercial operations.

The information supporting the assessment is obtained through direct meetings with the asset managers and/or the administration of a specific questionnaire.

The qualitative assessment of Third-Party Asset Managers is updated, generally on an annual basis, to verify the progress made. The Asset Managers with a negative quality rating are subject to further analysis.

8 RESPONSIBLE PRODUCTS

8.1.1 SUSTAINABLE PRODUCT IMPLICATIONS

MIL has a long-term vision and believes that environmental, social and governance sustainability factors can have a material effect on company fundamentals, both in terms of opportunities and risk mitigation.

The main purpose of the Policy for Products and Investment is to define guidelines for an insurance product offering that integrates ESG principles.

This Policy applies to investment insurance products developed and/ or offered by MIL and addresses the sustainability risk assessment of the products, specifying how ESG risk assessments are considered in the investment decisions of the underlying assets.

8.1.2 PRODUCT DEVELOPMENT PROCESS

The Company's product development and management process tends to create products through a Product Governance process that also incorporates ESG considerations starting from the product design stage.

If the market and customer analysis shows that the product, or part of it, at the design phase, should be classified as “Article 8” or “Article 9”, the Company's Product Team liaises with the MIFL Investment team so that, on the basis of the product concept outlined, the MIFL Investment team will identify the underlying assets and the reference parameters to be used for the construction of the “Article 8” or “Article 9” product.

8.1.3 ESG MONITORING OF RESPONSIBLE INVESTMENT PRODUCTS

To enable the monitoring of investment products, MIFL, as the appointed Investment Manager, has adopted both internal and external tools and methodologies to generate a Quarterly PAI report, making use of the services provided by one or more leading players in the provision of ESG research for responsible investors. Specifically, MIFL will leverage PAI data using the provider MSCI ESG Manager. MIL will receive these quarterly reports from MIFL for its review and oversight.

8.1.4 MONITORING OF THE PRODUCTS OFFERED

The Mediolanum Group, through the Allocation Monitoring and Analysis Office of Banca Mediolanum S.p.A. and the other companies in the Group, periodically monitor the overall product offering to check its positioning with respect to ESG factors. Specifically, the Bank assigns an ESG score to all products offered by the Group companies. Monitoring allows for assessment of the effectiveness of the investment approaches adopted by the functions involved in the management of the group.

MIL products consist of internal funds and these MIL internal funds generally invest in underlying investment funds which are generally managed by MIFL. MIL is currently launching responsible internal funds which are themselves investing existing MIFL SFDR article 8 and 9 funds. MIL as the Manager oversees the investment management process which is delegated to MIFL. Through the governance framework which is in place between MIL and MIFL (including SLA, Investment Guidelines, and due diligence, KPI monitoring); MIL is overseeing and conducting an on-going due diligence to ensure MIFL, as the Investment manager has sufficient processes in place (including the area of responsible investment) and monitors it through the regular reporting received from MIFL in this regard.

MIFL does not manage any of the assets of the Responsible investment internal Funds directly. With respect to the Responsible investment internal Funds, MIFL has currently adopted a multi-manager/fund of fund approach whereby the underlying Responsible investment Fund’s assets may be allocated to one or more third-party asset managers that are considered by the Manager to be leading managers in their respective fields.

Notwithstanding the use of this multi-manager approach, MIFL will retain overall responsibility for managing the assets of the underlying Responsible investment Funds within MIL Products and any allocations of assets by the Manager to such third-party asset manager(s) are entirely at MIFL's sole discretion.

The MIFL Investment team will undertake appropriate due diligence on the underlying funds/mandates before appointing them as Manager for an Article 8 or 9 MIFL Fund. On an ongoing basis, MIFL will also monitor the implementation and attainment of the ESG Goal/sustainable investment objective of the Article 8 and 9 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; and

2) Monitor at the level of the underlying Sub-Fund using a variety of PAI and ESG metrics

3) Monitor the Quarterly PAI reports on underlying Responsible investment Funds produced by the Performance Team.

The reporting with the ESG positioning of the Insurance Products is sent to the Company monthly and it is the task of the Product Team in MIL, to assess the changes over time, identify any critical issues and take corrective actions, if necessary, to be shared with the Board when appropriate.

- Monitoring also makes it possible to assess whether any adjustments should be made to the principles set out in this policy to achieve results that are consistent with the Group's sustainability guidelines.
- The guidelines described in this paragraph apply to all the Company's investment insurance products, with a different extent depending on the specificities of the product and of the issuer of the underlying assets, or, if the underlying assets are UCITS units, of the fund management company.

8.1.5 QUARTERLY MONITORING REPORT

As part of their quarterly monitoring reporting, Compliance will receive a confirmation from:

- MIFL that they are operating in line with MIL's Responsible Investment Policy
- MIFL that their appointed delegate investment managers' sustainability due diligence has been completed and the relevant attestations were received, and no issues have been noted.

8.1.6 TAXONOMY ALIGNMENT OF RESPONSIBLE INVESTMENT FUNDS

A general disclosure has also been included in all MIL's T&Cs noting that the Products do not consider the Taxonomy Regulation

The Taxonomy regulation is still evolving and there are industry wide data challenges. The Taxonomy Regulation establishes an EU-wide classification system or 'framework' intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable. It aims to "provide clarity and transparency on environmental sustainability to investors, financial institutions, companies and issuers thereby enabling informed decision-making in order to foster investments in environmentally sustainable activities. It differs from the SFDR in the fact that it provides strict classification criteria for environmentally sustainability activities against six environmentally sustainable objectives whereby the SFDR focuses more on disclosure rather than setting criteria for sustainable investments.

Article 9 Funds that have sustainable objectives, and Article 8 Funds that promote an Environmental and / or Social characteristic, are subject to disclosure requirements under the Taxonomy. However, it is not mandatory to include Taxonomy Aligned Investments in Article 8 or 9 funds. If the fund cannot accurately calculate the Taxonomy alignment based on the underlying companies in the fund, then it must disclose 0% alignment. Estimates cannot be used for Taxonomy alignment. At the moment it is very difficult to calculate Taxonomy alignment due to the fact the underlying companies are not yet required by regulation to publish the data required to perform the calculation at the level of the fund. This is an industry wide challenge. MIFL currently is disclosing zero percent for Taxonomy alignment as it does not have accurate data to calculate. MIFL will continue to work with the underlying managers and will disclosure a Taxonomy alignment figure for the underlying Responsible Investment funds when we are satisfied the underlying data is reliable. MIL relies on the taxonomy disclosure of underlying MIFL funds to disclose the taxonomy disclosure for MIL internal funds.

9 REFERENCE TO INTERNATIONAL STANDARDS AND COLLABORATIONS

Mediolanum Vita participates in events to promote and improve the knowledge and practice of sustainable investment, including the initiatives of MSCI ESG Research and the Sustainable Finance Forum.

It should also be noted that this policy is inspired by the United Nations' Principles for Responsible Investment (PRI), which pursue the objective of encouraging the dissemination of responsible investment among institutional investors. Acceptance of the PRIs requires that the signatory companies comply with and apply the following principles:

1. incorporate environmental, social and governance (ESG) parameters into financial analysis and investment decision-making processes;
2. be active shareholders and incorporate ESG parameters into shareholding policies and practices;
3. require reporting on ESG parameters by the companies invested in;
4. promote the acceptance and implementation of the Principles in the financial industry;
5. work together to improve the implementation of the Principles;
6. report periodically on the activities and progress made in applying the Principles.

MIL is currently evaluating becoming a UNPRI signatory.

10 COMMUNICATIONS

10.1.1 TRANSPARENCY

In line with the transparency policies always adopted by MIL and in compliance with the provisions of Regulation (EU) 2019/2088 and Commission Delegated Regulation (EU) 2022/1288, the Company makes available on its website:

- information on the integration of risks and sustainability factors in its investment decision-making process and in its remuneration policies;
- the "Declaration on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors" in order to represent and measure the contribution of the company to the process of reducing the negative effects on its business operations.

The Company shall ensure that the information published in accordance with Articles 3, 5, 6, 10 and 13 of Regulation (EU) 2019/2088 is kept up to date, and in particular, in the event of a change to this information, that a clear explanation of the change is posted on the website.

10.1.2 REPORTING

With reference to the positioning of its Products, Mediolanum Vita periodically receives the results of the "Products" monitoring conducted by the Investment and Insurance Services Department of the Parent Company, including the scores assigned to the Group's products/services.

The report is provided to the various units involved in investment activities and shared within the ESG Investment Committee for any specific analyses of the products/services under review, both at the fund and individual security level, to be conducted where abnormal rating changes are detected or to identify possible areas for product improvement referring to ESG issues.

As regards the integration of ESG factors into investment decisions, the Markets and Insurance Assets Unit includes in the report to the Product and Asset Management Committee and to the Board of Directors, any ESG assessment elements that are significant in the proposals for new investments or that have affected decisions regarding changes to the asset allocation of portfolios, or funds that can be selected or are subject to monitoring.

11 REGULATORY REFERENCES

The main legislative and regulatory references used in drafting this document are shown below.

- Sustainable Finance Disclosure Regulation (SFDR) - Regulation (EU) 2019/2088 as amended
- Commission Delegated Regulation EU 2021/1257 amending delegated Regulations EU 2017/2358 and EU 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for Insurance based Investment Products
- EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD) July 2022
- Questions and Answers on the SFDR Regulations (Commission Delegated Regulation EU 2022/1288) November 2022

- Taxonomy Regulation - Regulation (EU) 2020/852
- Central Bank Dear CEO Letter on Climate and ESG Issues November 2021
- European Union Insurance Distribution Regulations 2018
- European Union (Insurance and Reinsurance) Regulations 2015 (Solvency II)
- Commission Delegated Regulation EU 2021/1256 amending delegated regulation EU 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings

12 APPENDIX

12.1.1 MSCI ESG RESEARCH METHODOLOGY

The MSCI ESG rating aims to measure the long-term sustainability of the company and the relevant sustainability risks. The assessment considers the resilience of a company to significant ESG risks that, in the long term, can translate into financial risks and assesses the ability of a company to manage this risk, also in relative terms with respect to the reference industry.

This assessment is based on the analysis of risks and opportunities linked to the most critical and/or relevant topics in terms of sustainability with the aim of identifying, on the one hand, the negative external factors attributable to companies in a given sector that will generate an unexpected cost in the medium to long term and, on the other hand, the opportunities that can be capitalised on.

The MSCI rating of the issuing companies is the result of an evaluation of about 35 key ESG factors: In particular, the most relevant risks and opportunities (key factors) facing companies in relation to ESG factors are identified for each reference sector. How exposed each company is and how they are managed. The final rating can be obtained by normalising the weighted score for the relevant sector and assigning a rating to each company ranging from AAA (Leader) to CCC (Laggard).

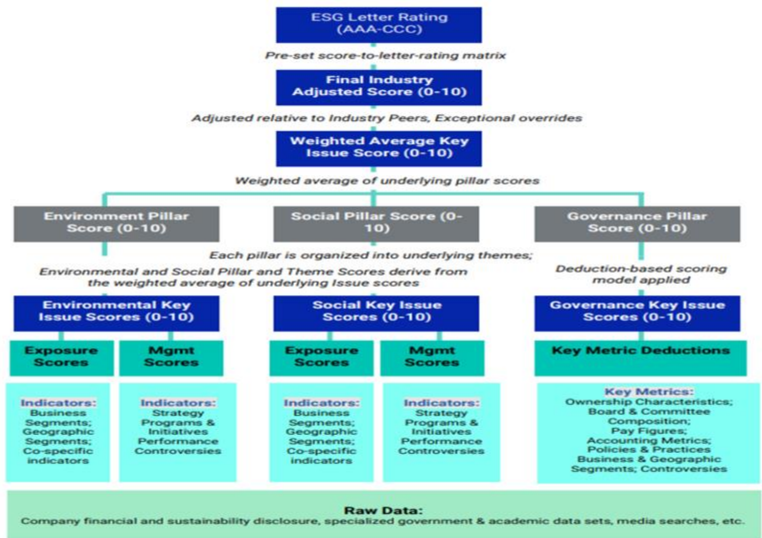

Figure 1: MSCI methodology for calculating the ESG rating for an individual company (graph from bottom to top). Source: MSCI

Figure 2: MSCI ESG Rating summary table. Source: MSCI

The provider MSCI ESG Research also assigns a score and rating at the fund level (ESG Fund Rating)

The calculation of the ESG rating of a fund is given by the weighted sum of the ESG ratings of the individual securities in the portfolio. An adjustment factor is added to this score, which considers the ESG Trend of securities in the portfolio and securities with low ratings (Laggard).

However, the methodology is constantly evolving and the adjustment factor is expected to be removed by the first quarter of 2023 in order to better represent the scoring of the funds. During 2023, further updates are planned for the key factors and metrics for the assessment of issuers.

The Company also makes use of MSCI ESG Research data to measure and record the PAIs, which are provided in line with the methodological indications set forth in Annex I of Regulation (EU) 2022/1288.

The data on the PAI indicators are undergoing progressive and constant methodological refinement.