



# ESG Policy

## Contents

<b>1. Premise and Generalities.....</b>	<b>4</b>
<b>2. Integration of environmental, social and governance assessments into the investment process.....</b>	<b>6</b>
2.1 Monitoring sustainability risks.....	6
2.2 Using sustainability indicators in the investment process .....	7
2.3 Consideration of the principal adverse impacts on sustainability factors.....	8
2.4 Specific ESG strategies.....	8
2.5 Active ownership and engagement .....	9
<b>3. Reporting .....</b>	<b>9</b>
<b>4. Governance .....</b>	<b>10</b>
<b>5. Provisions final .....</b>	<b>11</b>

## References

- [1] ANIMA - Functional Regulations
- [2] ANIMA - Engagement Policy
- [3] Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector
- [4] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
- [5] UN 2030 Agenda for Sustainable Development adopted by the General Assembly of the United Nations on 25 September 2015 focusing on the Sustainable Development Goals (“SDGs”)
- [6] Paris Agreement adopted under the United Nations Framework Convention on Climate Change (“Paris Agreement”), which was approved by the Union on 5 October 2016 and entered into force on 4 November 2016
- [7] United Nations Principles for Responsible Investment (PRIs)
- [8] Principles of the United Nations Global Compact

## Amendments to the document

<b>Versions</b>	<b>Date</b>	<b>Description of the Amendments</b>
00	06/09/2019	First issue and approval by the Board of Directors
01	16/02/2021	Revision due to regulatory updates and approval by the Board of Directors
02	25/02/2022	Annual revision required in accordance with regulations
03	22/12/2022	Revision due to amendments to the internal guidelines on principal adverse impacts (PAIs) and to the investment process
04	30/05/2023	Revision due to regulatory updates and approval by the Board of Directors

## Definitions

- **Management Functions** - team of resources (Managers) who, according to the internal management powers assigned to them, make investments in relation to the assets under management.

## 1. Premise and Generalities

Anima SGR (hereinafter also “SGR”), in its capacity as leading independent asset management group in Italy, has the duty of operating in the interests of customers with investments intended to generate sustainable, long-term value. Within the framework of this fiduciary role, the SGR believes that environmental, social and corporate governance (ESG) issues related to the issuers of securities can influence the performance of managed portfolios over time, at the level of individual companies, sectors, geographic areas and asset classes. Taking these aspects into consideration in its investment decisions, the SGR can align the investors’ interests with the broader objectives of society.

Furthermore, Anima SGR has signed the UN Principles for Responsible Investment (PRIs), an initiative aimed at disseminating and integrating ESG criteria into investment practices. In its capacity as signatory, the SGR has undertaken to:

- incorporate environmental, social and governance into its investment analysis and decision-making processes;
- operate as an active shareholder, integrating ESG issues into its shareholder policies and practices;
- request adequate disclosure on ESG issues by the issuers in which it invests;
- promote the acceptance and implementation of the PRIs in the financial sector;
- work together with industry professionals and entities to improve the effective implementation of the PRIs;
- report periodically on the activities and progress made in the implementation of the PRIs.

The aforementioned PRIs form the basis of the policy for integrating sustainability factors into the responsible investment process adopted by Anima SGR.

In December 2021, Anima joined the Global Compact, a commitment signed with the United Nations by the top managers of the participating companies towards a new phase of globalisation distinguished by sustainability, international cooperation and partnership involving multiple stakeholders through the pursuit of Ten Principles on human rights, labour, environment and anti-corruption and 17 Sustainable Development Goals (SDGs).



In particular, with reference to the SDGs, Anima SGR has selected SDG 3, 12, 13, 16 and 17 as representative of the most important issues that it intends to address through its investments.

With a view to fostering transparency in sustainability-related disclosures by financial market participants, Regulation (EU) 2019/2088 (SFDR) and related technical specifications (RTS) defined certain indicators on the principal adverse impacts (PAIs) of investment on sustainability, which financial market participants must calculate. Financial market participants can deploy an internal process to decide which of these PAIs to prioritise, in order to concentrate their efforts on mitigating these chosen PAIs in their investments.

Our priority PAIs were chosen on the basis of their connection to SDGs 13 and 16 mentioned above.

The chosen SDGs, the priority connected PAIs and the related activities undertaken by Anima in the application of this policy are summarised in the table below:

SDGs SELECTED BY ANIMA SGR	PAI OR CORRESPONDING ESG CRITERION	ACTIVITY IN PURSUIT OF THE SDGS
SDG 3: Good health and well-being	Exclusion of tobacco and gambling	Pursuit of SDG 3 through the exclusion of issuers operating in the tobacco and gambling industries
SDG 12: Responsible consumption and production	Alignment with generally recognised best practices	Pursuit of SDG 12 through: collective and individual engagement and voting in shareholders' meetings on issues of responsible production
SDG 13 Climate action (AH)	PAI 4 Exp. to fossil fuels (SGR)	Pursuit of SDG 13 through: mitigation of PAI 4 by excluding companies that derive more than a certain proportion of their revenue from thermal coal; monitoring Global Compact violations; selection of best-in-class; reducing low environmental ratings by monitoring (watch list) E ratings; collective and individual engagement with corporate issuers, voting in shareholders' meetings; collective engagement with regulators and policy makers
SDG 16: Peace, justice and strong institutions	PAI 14 Controversial weapons (SGR)	Pursuit of SDG 16 through: mitigation of PAI 14 by excluding issuers involved in controversial weapons; monitoring Global Compact violations; collective and individual engagement with corporate issuers, voting in shareholders' meetings; collective engagement with regulators and policy makers
SDG 16: Peace, justice and strong institutions	PAI 16 Countries subject to social violations (SGR)	Pursuit of SDG 16 through: mitigation of PAI 16 by excluding countries sanctioned by the UN; monitoring countries sanctioned by the EU and international institutions; selection of best-in-class; reducing low environmental ratings by monitoring (watch list) S ratings; collective engagement with regulators and policy makers
SDG 16: Peace, justice and strong institutions	Exclusion of nuclear weapons	Pursuit of SDG 16 through the exclusion of issuers involved in nuclear weapons for products pursuant to Art. 8 SFDR
SDG 17: Partnerships for the goals	Alignment with generally recognised best practices	Pursuit of SDG 17 through collective and individual engagement with corporate issuers, voting in shareholders' meetings, collective engagement with regulators and policy makers

This policy applies to all products set up and/or managed by SGR according to the methods and differentiations governed by the same policy and consistent with the product offering and/or contract documents.

## 2. Integration of environmental, social and governance assessments into the investment process

This policy is based on the following components:

- monitoring sustainability risks in the investment process;
- using sustainability indicators in the investment process;
- consideration of the principal adverse impacts on sustainability factors deriving from investment activity;
- specific ESG strategies;
- active ownership and engagement.

These components are characteristic of the investment process and apply to all products subject to this policy, with the exception of the component of the specific ESG strategies that applies only to the products referred to in Articles 8 and 9 of Reg. (EU) 2088/2019, as identified by the specific disclosures in the relative offering documents.

### 2.1 Monitoring sustainability risks

Anima SGR implements the regulatory definition of sustainability factors and sustainability risk (EU Regulation 2088/2019).

The SGR monitors sustainability risks by processing and monitoring the sustainability ratings of issuers, based on E, S and G scores/ratings provided by specialised info providers, which calculate these scores/ratings according to a set of criteria differentiated by business sector for corporate issuers and specific criteria for government issuers.

In addition to the scores/ratings themselves, monitoring takes into account the percentage of portfolios for which Environmental (E), Social (S) and Governance (G) scores/ratings are available, as well as the concentration of portfolios per rating class.

For funds of funds, fund-based asset management and other similar products, the sustainability risks are monitored by assessing the ESG strategies and approaches of the funds whose portfolios are invested, as specified below.

The monitoring of sustainability risks also includes the qualitative assessment of other factors, such as whether issuers belong to certain business sectors that are considered higher risk from an environmental or social perspective.

The sustainability risk monitoring described above results in the classification of the entire range of Anima products to which this Policy applies, ranked in increasing order of sustainability risk, where a greater risk is associated with a greater potential negative impact on the returns of the product.

The classification is shown in the table below:

<b>CLASS 1</b>	<b>CLASS 2</b>	<b>CLASS 3</b>	<b>CLASS 4</b>
<b>Lower sustainability risks</b>	<b>Intermediate sustainability risks</b>	<b>Higher sustainability risks</b>	<b>Potentially high sustainability risks</b>
Products for which sustainability risks are identified, measured and monitored as for Class 2 below and mitigated through the application of own ESG strategies	Products for which the availability of ESG ratings and data is considered satisfactory and the overall incidence of low ratings remains below a predefined maximum level, or funds of funds, fund-based asset management or other similar products for which sustainability risks are mitigated by the application of own ESG approaches	Products for which the availability of ESG ratings and data reaches a level considered satisfactory, but for which in any case the overall incidence of low or unclassified ratings is above a predefined maximum level	Products for which the availability of ESG ratings and data falls below a predefined minimum level, or particular products for which monitoring is implemented in a limited form due to the specific characteristics and/or possible “customisation” of the products

The classification of products as detailed above is subject to periodic monitoring by the ESG Committee on the basis of the work by the Risk Management function and in accordance with the procedures and timeframes governed by the operating procedure.

Any changes to the classification of the product lead to the updating of the relative offering documents.

In addition, the SGR in any case excludes from its investable universe securities of:

- corporate issuers directly involved in the production or marketing of controversial weapons prohibited by international treaties promoted by the United Nations and ratified by the Italian government, the use of which violates fundamental humanitarian principles;
- government issuers that are involved in systematic human rights violations.

## 2.2 Using sustainability indicators in the investment process

Investment selection by portfolio managers takes into account the exclusions applicable to all portfolios, those specific to some product categories or ESG strategies, the E, S and G ratings of individual issuers, and the concentration of portfolios per rating class.

Based on the observation of these ratings, by consulting external research and internal tools on the analysed issuers, managers take into account

- ESG profiles and ESG trends considered most relevant;
- ESG performance comparisons;
- significant ESG factors for weighting assets by country or region;
- ESG risk when assessing the credit ratings of issuers.

## 2.3 Consideration of the principal adverse impacts on sustainability factors

The SGR considers–i.e. actively aims to mitigate–certain specific PAIs on its products consistent with Articles 8 and 9 of the SFDR, as part of the integration of sustainability factors in the investment process.

In general, consideration of the principal adverse impacts on sustainability factors, selected as a priority by Anima and illustrated in the introduction, consists in practice of the mitigation of these adverse impacts through the definition of:

- value-based exclusions;
- inclusion of "sustainable" issuers that mitigate the PAIs by respecting the limits identified on the basis of the methodology adopted by the SGR;
- targets for specific PAI indicators chosen from the mandatory indicators listed in Regulation (EU) 1288/2022.

These measurements are applied to products or portfolios invested in third-party UCITS only where the data are available, as a result of the processes and information flows implemented by the SGR for the acquisition of such data.

The SGR also calculates, without taking them into consideration, the principal adverse impacts on sustainability factors for managed products not included under Articles 8 and 9 of the SFDR.

## 2.4 Specific ESG strategies

The SGR applies specific ESG strategies to products that promote, among others, social and environmental characteristics or that target sustainable investments, as identified by Articles 8 and 9 of Reg. (EU) 2088/2019.

In particular, with regard to products pursuant to Art. 8 SFDR, the ESG strategy is defined by highlighting the specific environmental and social characteristics promoted, the sustainability indicators used, the Principal Adverse Impact (PAI) indicators considered, the binding elements of the strategy and the reference asset allocation including investments aligned with the promoted characteristics, possible sustainable and eco-sustainable investments and residual investments. For Article 9 products, in addition to the elements just mentioned, specific account is taken of the type of sustainable investments chosen as the product target.

Moreover, in general, these strategies also tend to reduce and in any case keep under control investments in securities of issuers with low ESG ratings, by means of:

- the active monitoring of the issuers' ESG profiles leading to the selection, for example, of issuers whose environmental or social or governance scoring is above a certain level or
- the application of additional, product-specific exclusion criteria, and
- the active monitoring of the indicators of adverse impacts on sustainability factors related to their portfolios in order to improve them.

The SGR combines the monitoring of sustainability risks and principal adverse impacts on sustainability factors, as defined above, with traditional financial risk and return analysis, in order to identify, limit and tend towards excluding issuers with unsatisfactory ESG performance from its investment portfolios.



## 2.5 Active ownership and engagement

Dialogue with issuers is key to the responsible management of investments. SGR believes that dialogue with company management improves the ESG profile of the companies in question and protects their long-term economic and financial performance through proper risk management. Through engagement, the SGR pursues objectives of ESG awareness and ESG issue monitoring, in particular with regard to Environmental (E) and Social (S) issues related to the SDGs that Anima intends to pursue, as outlined in the introduction.

In general, the SGR believes that the adoption of corporate social responsibility programmes forms part of corporate governance policies aimed at maximising the creation of shared value for all shareholders. Therefore, the SGR fosters the adoption of protocols and procedures by individual companies aimed at identifying, preventing and mitigating possible negative social and environmental impacts of their business operations and main corporate strategies.

With reference to active ownership practices, the SGR, in addition to adhering to the Italian Stewardship Principles issued by Assogestioni on the basis of the EFAMA Stewardship Code, has prepared a documented and publicly available policy (see "ANIMA - Commitment Policy") in which it describes:

- how it exercises its responsibilities as a shareholder/investor;
- guidelines in its engagement activities with companies in which it has invested, in order to protect and enhance its customers' investments;
- collaborative activities with other investors in engaging with companies, including on ESG issues, where deemed relevant and appropriate;
- voting guidelines, which take into account the specific assessment of ESG factors;
- periodic investor information through the publication of the commitment policy and the report on the exercise of shareholder rights and voting activities;
- specific provisions for the handling of inside information;
- the securities lending guidelines of the relevant issuers and the retention of the right to recall securities lent at any time;
- the consideration of divestment as an effective method for managing corporate strategies or making business decisions that could, in its view, negatively affect shareholder value.

## 3. Reporting

The SGR is subject to the ESG reporting requirements set out in Reg.

In particular, in line with what is prescribed from time to time by Regulation 2088 of 2019, Anima SGR makes available on its website:

- information about its policies on integrating sustainability risks into its investment process;
- its due diligence policy statement regarding the main negative effects of investment decisions on sustainability factors;
- information on how its remuneration policy is consistent with the integration of sustainability risks;
- for products that promote environmental or social characteristics, or for those with sustainable objectives, a description of the environmental or social characteristics or sustainable investment objective, information on the methodologies used to assess, measure and monitor the environmental or social characteristics or impact of the sustainable investments selected for the financial product, and a description of how the environmental or social characteristics or sustainable investment objective are met.

In addition, Anima SGR describes the following in its periodic reports:

- for products that promote environmental or social characteristics, the extent to which the environmental or social characteristics are achieved;
- for products with sustainable objectives, the overall sustainability-related impact of the financial product using relevant sustainability indicators; or, if an index has been designated as the benchmark index, a comparison of the overall sustainability impact of the financial product with the sustainability impact of the designated index and a general market index using an appropriate sustainability indicator.

Finally, with the aim of enhancing the impacts of ESG-related activities, the SGR undertakes to report to external stakeholders, through dedicated documents, a complete view of the activities carried out and the results obtained from the implementation of the policies adopted in this area.

## **4. Governance**

In order to ensure proper implementation of the policies adopted, Anima SGR has defined a governance system dedicated to the management of this policy, as specified below.

### **Board of Directors**

1. defines and approves the ESG Policy and subsequent revisions;
2. approves the exclusion and integration criteria to be applied to managed assets on the basis of the ESG Committee's proposals;
3. approves the establishment and promotion of products with ESG strategies proposed by the Product Committee on the basis of what is defined in the Product Process, which is also accompanied by the relevant limitations (ESG limits) proposed by the ESG Committee;
4. periodically verifies the correct implementation of the Policy on the basis of the controls carried out by Risk Management.

### **ESG Committee**

1. aims to provide advisory support to the Board of Directors in defining, reviewing and implementing the ESG Policy;
2. proposes the integration and exclusion criteria to be submitted to the Board of Directors for approval;
3. carries out periodic monitoring:
  - a. classification of products according to sustainability risk;
  - b. of the main adverse impacts on sustainability factors, resulting from the investment activity of individual products;
  - c. the pursuit of the environmental and social characteristics and the achievement of the sustainable objectives of any products under Articles 8 and 9 of Reg. (EU) 2088/2019
4. proposes ESG limitations to the Product Committee when establishing or reviewing products to be submitted to the Board of Directors for approval together with other risk limitations.

The tasks and composition of the ESG Committee are regulated in the ANIMA document - *Functional Organisation* (to which please refer for details).

### **Investment Principles Service**

1. is responsible for the coordination and implementation of ESG processes;

2. assesses and monitors the ESG profile of issuers, prepares exclusion lists, and conducts ESG in-depth studies on issuers;
3. carries out engagement activities and monitors their outcomes.

### **Management Functions**

1. operate within the framework of the ESG policies and strategies resolved by the Board of Directors and provide support to the Investment Principles Service and the ESG Committee on issues related to Responsible Investment.

### **Risk Management**

1. is in charge of monitoring the internal integration and exclusion limits resolved by the Board of Directors and of the information and reporting prepared on the basis of the company's ESG policies and procedures.

## **5. Provisions final**

This Policy is communicated to all Anima SGR staff and made available to all stakeholders on the company's website.

Heads of corporate functions, with particular reference to Management Teams, are entrusted with the task of integrating the commitments defined by the Policy into business decisions and operations.

Finally, the SGR requires that any third-party portfolio managers it delegates follow these principles or, alternatively, adopt their own guidelines consistent with the principles adopted in this Policy. In turn, for assets delegated to the SGR by third parties, the ESG approach is defined in agreement with the delegator.

This Policy will be assessed for updating at least once a year, in the light of any emerging evidence and monitoring of national and international trends in responsible investment.

Detailed processes and activities are regulated in a special organisational procedure, including the criteria and methods for monitoring ES issuesG.