



# ESG Policy

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## 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 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
- [5] United Nations 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly on 25 September 2015 centred around Sustainable Development Goals (“SDGs”)
- [6] Paris Agreement adopted in the context of the United Nations Framework Convention on Climate Change (“Paris Agreement”), approved by the Union on 5 October 2016 and effective from 4 November 2016
- [7] United Nations Principles for Responsible Investment (PRI)
- [8] Principles of the United Nations Global Compact

## Changes to the Document

<b>Versions</b>	<b>Date</b>	<b>Description of Changes</b>
00	06/09/2019	First issue and approval by the Board of Directors
01	16/02/2021	Regulatory updates review and Board approval
02	25/02/2022	Annual review required by reference regulations
03	22/12/2022	Review due to amendment to internal guidelines on principal adverse impacts (PAIs) and to the investment process
04	30/05/2023	Regulatory updates review and Board approval
05	03/10/2024	Review due to further internal and specific updates to ESG strategies of products and regulatory adaptation and BoD approval

## Definitions

- **Management Officers** - team of resources (Managers) who, based on the assigned mandates of internal management, carry out investment activities in relation to the assets under management.
- **Double materiality** - principle that, from the perspective of the dual scope of sustainability risks to be considered and monitored, gathers whether, on the one hand, the investments are exposed to sustainability risk and, on the other, whether such investments could produce negative impacts on environmental and social factors.

## 1. Introduction and Overview

As one of Italy’s leading independent asset management companies, Anima SGR (hereinafter “the SGR”) has a duty to act in the interests of its customers by promoting investments aimed at generating long-term and sustainable value. Considering its role as a fiduciary, Anima SGR believes that environmental, social, and corporate governance (ESG) issues related to the issuers of securities can impact the performance of managed portfolios over time, at the level of individual companies, sectors, geographic areas, and asset classes. By taking these issues into account in its investment decisions, Anima SGR is able to align the interests of its investors with broader societal goals.

Furthermore, Anima SGR has subscribed to the United Nations Principles for Responsible Investment (PRI), an initiative for the dissemination and integration of ESG criteria into investment practices. As a signatory, the SGR has agreed to:

- integrate environmental, social and governance aspects into investment analysis and decision-making processes;
- operate as active shareholders, integrating ESG issues into shareholder policies and practices;
- request adequate disclosure of ESG issues from the issuers subject to investment;
- promote acceptance and implementation of the Principles in the financial sector;
- collaborate with practitioners and agencies to for more effective implementation of the Principles;
- periodically report on activities performed and progress made in the implementation of the Principles.

These Principles underpin the policy for integrating sustainability factors into the responsible investment process adopted by Anima SGR.

As of December 2021 the Anima Group subscribes to the Global Compact, a commitment signed with the United Nations by the senior managers of participating companies to contribute to a new phase of globalisation characterised by sustainability, international cooperation and partnership, in a multi-stakeholder approach that pursues Ten Principles on human and labour rights, environmental protection and anti-corruption, and 17 Sustainable Development Goals (SDGs). In particular, the Group supports SDGs 3, 4, 5, 7, 8, 10, 11, 12, 13, 16, and 17, which it is committed to pursuing through the identification of objectives and the implementation of specific initiatives.



With reference to the latter, Anima SGR selected SDGs 3, 12, 13, 16, and 17 because they represent the most important topics for the SGR, which intends to contribute to their achievement through its investment activities.

Additionally, in an effort to promote transparency regarding the sustainability commitments of financial market operators, Regulation (EU) 2019/2088 (SFDR) and the related Regulatory Technical Standards (RTS) set out a number of indicators concerning the Principal Adverse Impacts (PAIs) of investment activities based on sustainability factors, which must be calculated by the financial market operators themselves. The financial market operators must then carry out an internal process to select which PAIs to prioritise in their investment activities in order to focus efforts on their mitigation.

In relation to the above, the PAIs considered a priority by Anima SGR were defined on the basis of their particular connection with SDGs 13 and 16.

The identified SDGs, the associated priority PAIs and the relative actions taken by Anima SGR in the application of this Policy are shown in the table below:

SDG SELECTED BY ANIMA SGR	PAI CORRESPONDING OR ESG CRITERION	ACTION TO CONTRIBUTE TO THE SDGS
SDG 3: Good Health and Well-being	Exclusion of tobacco and gambling	<p>For products pursuant to articles 8 and 9 of the SFDR through:</p> <ul style="list-style-type: none"> <li>- exclusion of issuers active in the sectors of tobacco and gambling;</li> <li>- exclusion of issuers belonging to the sectors of defence and aerospace for products pursuant to art. 9 of the SFDR and certain products pursuant to art. 8 of the SFDR.</li> </ul> <p>For all products through:</p> <ul style="list-style-type: none"> <li>- collective and individual engagement with corporate issuers;</li> <li>- voting at company shareholders' meetings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>
SDG 12: Responsible consumption and production	Alignment with generally recognised best practices	<p>For all products through:</p> <ul style="list-style-type: none"> <li>- collective and individual engagement;</li> <li>- voting at company shareholders' meetings on topics associated with responsible production;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>
SDG 13 Climate action	PAI 4 Exposure to fossil fuels	<p>For products pursuant to articles 8 and 9 of the SFDR through:</p> <ul style="list-style-type: none"> <li>- exclusion of issuers that generate more than a certain percentage of their revenues from thermal coal;</li> <li>- exclusion of issuers that violate the principles of the UN Global Compact with reference to environmental aspects;</li> <li>- best-in-class selection;</li> <li>- application of additional exclusion criteria, specific to products pursuant to art. 9 of the SFDR.</li> </ul> <p>For all products through:</p> <ul style="list-style-type: none"> <li>- monitoring of issuers that violate the principles of the UN Global Compact with reference to environmental aspects;</li> <li>- limitation of low environmental ratings through monitoring (watch lists) of E ratings;</li> <li>- collective and individual engagement with corporate issuers;</li> <li>- voting at company shareholders' meetings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>

SDG SELECTED BY ANIMA SGR	PAI CORRESPONDING ESG CRITERION OR	ACTION TO CONTRIBUTE TO THE SDGS
SDG 16: Peace, justice and strong institutions	PAI 14 Controversial weapons	<p>For products pursuant to articles 8 and 9 of the SFDR through:</p> <ul style="list-style-type: none"> <li>- exclusion of issuers that violate the principles of the UN Global Compact with reference to social aspects;</li> </ul> <p>For all products through:</p> <ul style="list-style-type: none"> <li>- monitoring of issuers that violate the principles of the UN Global Compact with reference to social aspects;</li> <li>- exclusion of issuers involved in controversial weapons;</li> <li>- collective and individual engagement with corporate issuers;</li> <li>- voting at company shareholders' meetings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>
SDG 16: Peace, justice and strong institutions	PAI 16 Countries that violate social rights	<p>For products pursuant to articles 8 and 9 of the SFDR through:</p> <ul style="list-style-type: none"> <li>- best-in-class selections;</li> <li>- limitations on low social ratings for certain products pursuant to art. 8 of the SFDR;</li> </ul> <p>For all products through:</p> <ul style="list-style-type: none"> <li>- exclusion of countries under UN sanctions;</li> <li>- monitoring of countries under EU and international institution sanctions;</li> <li>- monitoring (watch lists) of S ratings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>
SDG 16: Peace, justice and strong institutions	Exclusion of nuclear weapons	<p>For products pursuant to articles 8 and 9 of the SFDR through:</p> <ul style="list-style-type: none"> <li>- exclusion of issuers active in nuclear weapons;</li> </ul> <p>For all products through:</p> <ul style="list-style-type: none"> <li>- collective and individual engagement with corporate issuers;</li> <li>- voting at company shareholders' meetings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>
SDG 17: Partnership for the goals	Alignment with generally recognised best practices	<p>For all products through:</p> <ul style="list-style-type: none"> <li>- collective and individual engagement with corporate issuers;</li> <li>- voting at company shareholders' meetings;</li> <li>- collective engagement with Regulators &amp; Policy Makers.</li> </ul>

This policy covers all products created and/or managed by the SGR, as detailed in the Policy, in compliance with the products' tender and/or contractual documentation and according to the technical specifications defined in the Operating Manual – ESG Analysis Application Criteria.

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

This policy is based on the following key elements:

- the monitoring of sustainability risks in the investment process;
- the use of sustainability indicators in the investment process;
- the assessment of the principal adverse impacts on sustainability arising from investment activity;
- the specific ESG strategies adopted;
- The active shareholding and engagement.

These key elements define the investment process and are applicable to all products covered by this Policy, except for the specific ESG strategy component, which is applicable only to products under Articles 8 and

9 of the EU Regulation 2088/2019, as outlined by the specific disclosures in the relevant tender documentation.

## 2.1 Monitoring of sustainability risks

Anima SGR adopts the regulatory definitions of sustainability factors and sustainability risk as outlined in Regulation (EU) 2088/2019.

In the context of the principle of “double materiality”, the SGR controls sustainability risks, understood as environmental, social or governance events or conditions that could generate significant actual or potential negative impacts on the value of the investment, through the processing and monitoring of the sustainability ratings of issuers, based on E, S and G scores/ratings supplied by specialist info providers, which calculate these scores/ratings on the basis of a series of criteria differentiated by business sector for corporate issuers and specific criteria for government issuers.

As well as the score/ratings themselves, the monitoring process also considers the percentages of portfolios for which Environmental (E), Social (S) and Governance (G) scores/ratings are available, as well as the concentration of portfolios by rating class.

For funds of funds, asset management in funds and other similar types of products, sustainability risk is controlled through the assessment of the ESG strategies and approaches of the funds in which the portfolios are invested, as outlined below.

Sustainability risk monitoring also includes a qualitative assessment of other factors, such as whether issuers belong to certain business sectors that are considered more environmentally or socially risky.

This sustainability risk monitoring process informs a ranking of the entire range of Anima products covered by this Policy in ascending order of sustainability risk, taking the view that a higher level of risk is associated with a greater potential negative impact on product returns.

The following table contains the classification<sup>1</sup>:

<b>CLASS 1</b>	<b>CLASS 2</b>	<b>CLASS 3</b>	<b>CLASS 4</b>
<b>Low sustainability risk</b>	<b>Medium sustainability risk</b>	<b>High sustainability risk</b>	<b>Potentially high sustainability risk</b>
Products for which sustainability risk is detected, measured and monitored as for subsequent class 2 and mitigated through the application of in-house ESG strategies.	Products for which the availability of ESG ratings and data is considered satisfactory and total low ratings do not account for a percentage above a pre-established maximum level, or funds of funds, asset management in funds or other similar products in which sustainability risk is mitigated by the application of in-house ESG approaches.	Products for which the availability of ESG ratings and data reaches a level considered satisfactory, but total low or non-classified ratings nevertheless account for a percentage above a pre-established maximum level.	Products for which the availability of ESG ratings and data falls below a pre-defined minimum level, or particular products for which monitoring is implemented to a limited extent given the specific characteristics and/or possible “personalisation” of those products.

<sup>1</sup> The threshold values of each class are specified in the Operating Manual – ESG Analysis Application Criteria  
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Classification of products into the above classes is subject to periodic monitoring by the ESG Committee on the basis of reports by the Risk Management function and according to the methods and time frames governed in the operating procedure.

Any changes to the product classification require an update to the related tender documentation.

Furthermore, securities issued by the following parties are in any case excluded from the SGR's investment universe:

- corporate issuers directly engaged in the production or trade of controversial weapons prohibited by the international treaties promoted by the United Nations and ratified by the Italian Parliament, and the use of which violates basic humanitarian principles;
- government issuers implicated in systematic human rights violations.

## 2.2 The use of sustainability indicators in the investment process

When selecting investments, portfolio managers take into account any exclusions that apply to all portfolios, those that apply to specific product categories or ESG strategies, the E, S, and G rating of the individual issuers, and the concentration by rating class of the portfolio.

By observing these ratings and consulting external research and internal tools on the analysed issuers, the managers consider:

- ESG profiles and the ESG trends deemed to be most relevant;
- comparisons of ESG performance;
- significant ESG factors in asset weighting by country or region;
- ESG risk when assessing issuers' creditworthiness.

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

With reference to the principle of "double materiality", for the purpose of actively mitigating the negative effects of investment decisions that could negatively impact upon environmental, social and governance factors, the SGR considers certain specific PAIs on its products in line with articles 8 and 9 of the SFDR, as part of the integration of sustainability factors into the investment process.

In general, consideration of the principal adverse impacts on sustainability factors, chosen as a priority by Anima SGR and outlined above, is made in the mitigation of such negative impacts through the definition of:

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

These observations apply to products or portfolios invested in third-party UCITS only where data are available, in relation to the processes and information flows implemented by the SGR for the acquisition of such data.

The SGR, for that matter, calculates the principal adverse impacts on sustainability factors without considering them also on managed products not classified under articles 8 and 9 of the SFDR.



## 2.4 Specific ESG strategies

The SGR applies specific ESG criteria to products that promote, among other things, social and environmental characteristics or that have a sustainable objective, as defined under articles 8 and 9 of Regulation (EU) 2088/2019.

In particular, with reference to products pursuant to art. 8 of the SFDR, the ESG strategy is defined by highlighting the specific environmental and social characteristics promoted, the sustainability indicators used, the Principal Adverse Impact Indicators considered, the binding elements of the strategy and the reference allocation of assets among investments aligned with the promoted characteristics, any sustainable and environmentally sustainable investments and residual investments. For products pursuant to art. 9, in addition to the elements mentioned above, specific account is taken of the type of sustainable investments chosen as the objective of the product.

Furthermore, in general such strategies also tend to reduce and keep under control investments in securities of issuers characterised by low ESG quality through:

- active monitoring of issuers' ESG profiles, leading to the selection, for example, of issuers whose environmental, social or governance scores are above a certain level, or
- the application of additional product-specific exclusion policies, and
- active monitoring of negative sustainability impact indicators regarding its portfolios with a view to their improvement.

The SGR integrates the monitoring of sustainability risks and principal adverse impacts on sustainability factors, as defined above, with traditional financial analyses of risk and return, with the goal of identifying, limiting, and eventually excluding issuers with unsatisfactory ESG performance from its investment portfolios.

## 2.5 Active shareholding and engagement

Dialogue with issuers is a fundamental element of responsible investment. The SGR believes that by interfacing with issuers' management teams, it is possible to improve their ESG profile and safeguard long-term economic and financial performance through the appropriate management of risks. Through engagement, the SGR aims to monitor and raise awareness of ESG topics, focusing in particular on Environmental (E) and Social (S) factors that link in to the SDGs, identified in the introduction and that the SGR aims to pursue.

In a wider sense, the SGR believes that incorporating corporate social responsibility programmes is a key part of governance policies aimed at maximising the creation of value shared among all shareholders. As a result, the SGR advocates for companies to implement protocols and procedures that focus on identifying, preventing, and mitigating potential negative social and environmental impacts of their business activities and key corporate strategies.

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

- how it exercises its responsibilities as shareholder/investor;
- guidelines on engagement with the companies in which it has invested, in order to protect and enhance its own customers' investments;
- collaborations with other investors when engaging with companies, including in relation to ESG matters, where considered relevant and appropriate;
- guidelines on voting, which takes account of the specific evaluation of ESG factors;
- periodic reporting to the investor through the publication of the engagement policy and the report on the exercise of its rights as shareholder and its voting activities;

- specific provisions for handling and processing privileged information;
- guidelines on securities lending of relevant issuers and maintenance of the right to recall the loaned securities at any moment;
- consideration of divestment as an effective method for the management of corporate strategies or company decisions that could, in its opinion, negatively influence the value of the shareholders.

### 3. Reporting

The SGR is subject to the ESG reporting requirements set out in Reg. (EU) 2088/2019.

Specifically, in accordance with the requirements set out from time to time by Regulation 2088 of 2019, Anima SGR publishes the following information on its website:

- information about its policies on integrating sustainability risks into its investment process;
- its statement explaining the due diligence policies relating to the principal adverse impacts of investment decisions on sustainability factors;
- Information regarding how its remuneration policy is in line with the integration of sustainability risks;
- for products that focus on environmental or social characteristics, or that have sustainable objectives, a description of the environmental or social features or sustainable investment objective, information on the methodologies used to evaluate, measure, and monitor the environmental or social characteristics or the impact of the selected sustainable investments, along with an explanation of how these characteristics or objectives are achieved, alongside information as per pre-contractual disclosure and periodic reports.

Furthermore, Anima SGR describes the following information in its periodic reporting:

- for products promoting environmental or social characteristics, the degree to which these characteristics have been met;
- for products that pursue sustainable objectives, the overall sustainability-related impact of the financial product using relevant sustainability indicators; or, if an index has been designated as a reference index, a comparison of the overall impact on sustainability of the financial product with the impact on sustainability of the designated index and of a general market index through the use of an appropriate sustainability indicator.

With the aim of enhancing the impacts of its ESG activities, the SGR commits to providing external stakeholders with comprehensive reports, through specialised reports, outlining the activities undertaken and the results achieved through the implementation of its adopted policies.

Lastly, Anima SGR mitigates the risk of greenwashing through the use of dedicated measures, at both entity and product level, intended to guarantee the maximum and absolute transparency and accuracy of the information reported and shared externally in the context of its environmental, social and governance policies.

### 4. Governance

In order to ensure correct implementation of the policies adopted, Anima SGR has defined a governance system dedicated to the management of this policy, as detailed 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. verifies periodically 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 integration and exclusion criteria to be submitted to the Board of Directors for approval;
3. carries out periodic monitoring:
  - a. of the classification of products based on sustainability risk;
  - b. of the principal adverse impacts on sustainability factors, resulting from the investment activity of individual products;
  - c. of the pursuit of the environmental and social characteristics and the achievement of the sustainable goals 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 governed in the document *ANIMA - Functional Regulations* (to which reference should be made for more details).

### **Investment Principles Service**

1. is responsible for the coordination and implementation of ESG processes;
2. reviews and monitors issuers' ESG profile, prepares exclusion lists, gains ESG insights from issuers;
3. carries out engagement activities and monitors their outcomes.

### **Management Officers**

1. operate within the framework of the ESG policies and strategies approved by the Board of Directors, provide support to the Investment Principles Service and the ESG Committee on issues related to Responsible Investment and integrate the ESG criteria into investment strategies.

### **Risk Management**

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

## **5. Final Provisions**

This Policy is shared with all Anima SGR employees and is available to all stakeholders on the company's website.

The Heads of corporate functions, and in particular the Management Teams, are responsible for integrating the commitments defined by the Policy into business decisions and operations.

Lastly, the SGR requires that any third-party portfolios managers delegated by the Company follow these standards or, alternatively, adopt their own guidelines consistent with the standards adopted in this Policy. In turn, for assets delegated to the SGR by third parties, the ESG approach is defined in cooperation with the delegating party.

This Policy will be reviewed and updated whenever necessary in light of any regulatory updates and monitoring of national and international trends in responsible investment, and at least every two years.

A specific organisational procedure governs the processes and activities in detail, including the criteria and methods for monitoring ESG topics.