

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Azimut Investments (5493008HNU145OGBNV34)

Summary

Azimut Investments (5493008HNU145OGBNV34) considers the main adverse effects of its investment decisions on sustainability factors. This statement is the consolidated statement on the main adverse effects on sustainability factors of Azimut Investments.

This statement on the main negative effects on sustainability factors covers the reporting period from January 1 2023, to December 31 2023.

The document aims to describe:

- the main adverse effects on sustainability factors, including their effects and any actions taken, planned, and targets set for the next reporting period
- the policies related to the identification and prioritization of the main adverse effects on sustainability factors
- the engagement policies adopted to support consideration of key adverse effects on sustainability factors
- compliance with responsible business conduct codes and internationally recognized standards of due diligence and reporting

Description of the principal adverse impacts on sustainability factors

Table I

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact [year 2023]	Impact [year 2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas Emissions	1. GHG emissions	Scope 1 GHG emissions	1.257.236	1.469.590	The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 82,7% of the assets in scope); asset allocation variations due to	During the reporting period, the following actions were taken: <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "Engagement policies" of this document - ESG integration: integration of ESG factors into the investment process:
		Scope 2 GHG emissions	240.228	230.696		
		Scope 3 GHG emissions	6.753.215	6.880.551		
		Total GHG emissions	8.183.416	8.630.850		

					<p>the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document</p> <ul style="list-style-type: none"> - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
2. Carbon footprint	Carbon footprint	326	336	<p>The difference between PAI value in 2022 and 2023 is due to: Different coverage on data from the infoprovder (data coverage for this PAI in 2023 was 82,6% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: <i>"Engagement policies"</i> of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs 	
3. GHG intensity of investee companies	GHG intensity of investee companies	626	685	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovder (data coverage for this PAI in 2023 was 85,4% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: <i>"Engagement policies"</i> of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: 	

				<p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p><i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document</p> <ul style="list-style-type: none"> - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8%	8%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 93,8% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: <i>"Engagement policies"</i> of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	38%	40%	<p>The difference between PAI value in 2022 and 2023 is due to: Different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 72,8% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years,</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: <i>"Engagement policies"</i> of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document

					in order to evaluate remedial actions, where deemed necessary.	- Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	SECTION A - AGRICULTURE, FORESTRY AND FISHING	0,0001	0,0001	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovder (data coverage by sector ranges from 7,8% to 85,7%); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "<i>Engagement policies</i>" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
		SECTION B – MINING AND QUARRYING	0,03	0,11		
		SECTION C – MANUFACTURING	0,12	0,15		
		SECTION D – ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	0,24	0,24		
		SECTION E – WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0,0117	0,0097		

			SECTION F – CONSTRUCTION	0,0012	0,0015	
			SECTION G – WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	0,01	0,03	
			SECTION H – TRANSPORTATION AND STORAGE	0,04	0,06	
			SECTION L – REAL ESTATE ACTIVITIES	0,01	0,01	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		0,31%	0,1%	<p>The difference between PAI value in 2022 and 2023 is due to: Different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 92,5% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI</p> <p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the “ISS”, an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: “<i>Engagement policies</i>” of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: “<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>” of this document

					trend in the following years, in order to evaluate remedial actions, where deemed necessary.	<ul style="list-style-type: none"> - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
Water	8. Emission to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1,23	1,4	<p>The difference between PAI value in 2022 and 2023 is due to: Different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 20,5% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "<i>Engagement policies</i>" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
Water	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,80	285	<p>The difference between PAI value in 2022 and 2023 is due to: Different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 49% of the assets in scope); asset allocation variations due to the asset management activities; significant ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years,</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "<i>Engagement policies</i>" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a

						in order to evaluate remedial actions, where deemed necessary.	second choice, those classified as Article 8 SFDRs
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,55%	0,7%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 92,5% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "Engagement policies" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "Description of policies to identify and prioritize principal adverse impacts on sustainability factors" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs 	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	10,81%	28,0%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 92,4% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "Engagement policies" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "Description of policies to identify and prioritize principal adverse impacts on sustainability factors" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs 	

					evaluate remedial actions, where deemed necessary.	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2,2%	1,7%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 42,9% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "Engagement policies" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "Description of policies to identify and prioritize principal adverse impacts on sustainability factors" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs 	
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	23,62%	20,5%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 85,3% of the assets in scope); asset allocation variations due to the asset</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "Engagement policies" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned 	

					management activities; ESG data updates. Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.	during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,02%	0,03%	The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovder (data coverage for this PAI in 2023 was 92,4% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates. Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.	During the reporting period, the following actions were taken: - Exclusions: - Nuclear weapons: maximum 1.5% of the annual turnover - Controversial weapons: no exposure (Any Tie) - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: <i>"Engagement policies"</i> of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse impacts on sustainability factors"</i> of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs Please note that the PAI value is greater than 0 because the exclusion strategy only applies to direct investment and does not apply to third party funds.
Indicators applicable to investments in sovereigns and suprationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	52	42	The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovder (data coverage for this PAI in 2023 was 91,8% of the assets in scope);	During the reporting period, the following actions were taken: - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>"Description of policies to identify and prioritize principal adverse</i>

					asset allocation variations due to the asset management activities; ESG data updates. Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.	<i>impacts on sustainability factors” of this document</i> - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	5	6	The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 100% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates. Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.	During the reporting period, the following actions were taken: - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: <i>“Description of policies to identify and prioritize principal adverse impacts on sustainability factors” of this document</i> - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels				- N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets				- N/A

Table 2

Additional climate and other environment-related indicators						
Adverse sustainability indicator	Metric	Impact [year 2023]	Impact [year 2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	22,10%	16,83%	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 95,3% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Exclusions: <ul style="list-style-type: none"> - Thermal Coal: maximum 20% of the annual turnover - Active ownership: through the "ISS", an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: "<i>Engagement policies</i>" of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: "<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>" of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator	Metric	Impact [year 2023]	Impact [year 2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Indicators applicable to investments in investee companies						
Human Rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0,00	0,00	<p>The difference between PAI value in 2022 and 2023 is due to: different coverage on data from the infoprovider (data coverage for this PAI in 2023 was 82,7% of the assets in scope); asset allocation variations due to the asset management activities; ESG data updates.</p> <p>Azimut will monitor the PAI trend in the following years, in order to evaluate remedial actions, where deemed necessary.</p>	<p>During the reporting period, the following actions were taken:</p> <ul style="list-style-type: none"> - Active ownership: through the “ISS”, an independent third-party proxy voting service provider. More information on actions planned during the next reference period are available in the section: “<i>Engagement policies</i>” of this document - ESG integration: integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts. More information on actions planned during the next reference period are available in the section: “<i>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</i>” of this document - Fund selection: favoring Article 9 SFDR financial products or, as a second choice, those classified as Article 8 SFDRs

Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Principal Adverse Impacts PAI(s) should be understood as those impacts of investment decisions that result in negative effects on sustainability factors.

The ESG Policy, describing the policies to identify and prioritize principal adverse impacts on sustainability factors, has been approved from the Board of Directors on 27/03/2024.

Consideration on PAIs is implemented on all Investment Products directly managed by AI, regardless of their classification under the SFDR (Art. 6, Art. 8 or Art. 9 SFDR funds). Each portfolio manager continuously monitors the ESG score of the Investment Product(s) he/she manages, both at single security level and on an aggregate basis. Environmental, Social and Governance scores (at aggregate level, pillar level and/or at a more granular level) are taken into account for each individual investment, together with considerations on PAIs alongside the traditional criteria of financial analysis and evaluation.

This means that each portfolio manager ensures that the Investment Product(s) he/she manages is/are financially efficient and as much sustainable as possible. This aim is achieved through an optimization which is made mainly by not investing in and/or reducing the exposures to issuers with the lowest ESG scores or the highest PAIs, replacing them with issuers having higher ESG scores and/or lower PAIs, ideally "best in class", i.e. leading companies in sustainable development. To more thoroughly assess the ESG and sustainability aspects of its investments, the portfolio management team can rely on ESG, sustainability, and Sustainable Development Goals (SDGs) alignment data available from providers other than MSCI ESG Research, in addition to the analyses performed internally by the Portfolio Management team.

Adverse impacts on sustainability factors are taken into account and mitigated in four ways.

The first is through the integration of ESG factors into the investment process: companies with high E, S and G ratings normally have lower principal adverse impacts (in absolute terms and/or in relation to their industry) due to higher standards/better operating practices.

In order to further improve the quality of the ESG rating, the Group is developing a proprietary methodology, which aggregates information obtained by additional ESG data providers, in addition to MSCI ESG, including Sustainalytics, Mainstreet Partners, ISS for corporate issuers, and Sustainalytics and ISS for government issuers. The score is then standardized through the Z-scoring methodology, with issuers scoring below -2 being excluded.

In addition, investee companies involved in serious controversies where the evaluation is based on an assessment of a company's direct involvement in the most serious adverse impacts, which have not yet been mitigated to the satisfaction of all implicated stakeholders, are excluded from the investment scope.

The second is through the application of the exclusion policy, which prohibits investment in companies operating in sectors that are considered as non-sustainable and/or may involve significant environmental and social risks where the particular turnover threshold specified in the information published on the [website](#) is exceeded. In addition, investments in funds with an ESG rating of CCC or B are excluded because their underlying investments are likely to be excessively exposed to issuers with poor ESG performance, and therefore more likely to be unsustainable and/or pose significant environmental and social risks. The exclusion of the issuers that are most likely to generate adverse impacts on sustainability factors helps to reduce the PAIs at portfolio level.

The third way is through active ownership. Azimut Investments subscribed into the ISS's Sustainability Policy which is in line with the United Nations' Principles for Responsible Investment (PRI), votes at each resolution are cast in a way intended to incentivize invested companies to adopt higher standards, improve their practices, and minimize the PAIs on the environment and society.

The fourth way is through financial products selection (in case of funds of funds), which seeks to favour, where possible and if available, financial products that are classified as Article 9 SFDR or, as a second choice, those classified as Article 8 SFDRs (not precluding the possibility of holding Article 6 SFDR funds in the portfolio as

well). The greater the weight of funds classified as Article 9 or 8 SFDR, the greater the containment of PAIs is expected to be.

Whereas all mandatory PAI(s) included in the table 1 of the Annex I of Regulation n 1288/22 (RTS) are calculated and monitored, Azimut Investments focuses on the prioritization of a specific sub-set of PAIs according to each financial product's specific characteristics and in general according to the relevant actions planned and targets set at an Entity Level (ex art. 4 SFDR).

Azimut Investments constantly monitors PAIs data through an ad-hoc tool where PAI(s) values can be consulted both at position and aggregate level, in order to consider them in the investment decision-making process along with ESG scores and traditional financial metrics. However, considering the still limited availability of reliable data on many PAIs, the large variability of PAI data at sectoral and geographical level, as well as their backward-looking nature, no thresholds or stringent limits are set.

The first reason why no stringent limits on PAIs are set, is that currently, the percentage of companies reporting on PAIs is at times still very low, and it is reasonable to expect that new companies will begin to report data on PAIs in the future. Since portfolio-level PAIs are calculated only on companies that publish relevant data, it is possible that over time the value of portfolio-level PAIs may rise as companies begin reporting. In this case, the increase in the value at the portfolio level of PAIs does not necessarily imply that the portfolio is invested in companies with worse adverse impacts, but rather simply be an effect of increased coverage. The portfolio manager, therefore, assess the evolution of PAIs adjusted for the distorting effect caused by the increased coverage.

An additional reason why stringent limits on PAIs have not been set is that focusing only on the absolute value of the PAI can lead to suboptimal choices in terms of sustainability, especially if companies have embarked on a path to improve their practices, as PAIs are precisely a backward-looking indicator. The most important reduction in adverse impacts is possible precisely by incentivizing those companies that today have low operating standards and therefore high adverse impacts, to improve their practices by supporting them financially in the transition and exercising our duty as responsible investor by steering the strategic business decisions of investee companies through active ownership in such a way as (inter-alia) to reduce the companies' adverse impacts.

It is also possible that investee companies may over the years' experience instances where one or more of their PAIs rise rather than fall. The portfolio manager therefore makes the assessment of the PAIs first at the aggregate level to determine which is the overall sustainability path of the company, and second on each PAI separately.

Calculations of PAI indicators in Table I, II and III were made including the sub funds Az Fund 1, Az Fund 3, Az Multi Asset, Az Pure China and excluding AZ Raif I, AZ Raif II, AZ Eltif and the club deals.

Moreover, the calculations were made according to the following assumptions:

- Derivatives, at numerator level, are not considered to perform the calculations, due to current lack of data and methodologies
- PAI 16 ("Investee countries subject to social violations"), was obtained from the list of investee countries subject to social violation present in at least one quarter of 2023.

Data related to PAI indicators for AIFs (Alternative Investment Funds) in Azimut Investments portfolio, have not been aggregated to the PAI indicators presented in the section *"Description of the principal adverse impacts of*

investment decisions on sustainability factors”, Table I, II and III, due to the specific nature of AIFs underlying assets and the consequently different methodologies used for data gathering. Data for AIFs, in particular were obtained through questionnaires sent to AIF managers, and answers were provided for 11 out of 23 AIFs; moreover, questionnaires were also sent to investee companies in order to collect information directly from the source.

In order to comply with the best effort criteria requested by the SFDR Regulation, and to provide data as complete as possible, PAI indicators were calculated for each AIF, according to the data provided through questionnaires, then weighted and aggregated according to their Asset under Management and data coverage as of 31/12/2023. The result of the calculations are reported below:

- **PAI 1. GHG emissions**

- Scope 1 GHG emissions: 1.101,72

- Scope 2 GHG emissions: 1.068,3

- Scope 3 GHG emissions: 9.750,09

- Total GHG emissions: 11.920,11

- **PAI 2. Carbon footprint**

- Carbon footprint: 26,08

- **PAI 3. GHG intensity of investee companies**

- GHG intensity of investee companies: 70,25

- **PAI 4. Exposure to companies active in the fossil fuel sector**

- Share of investments in companies active in the fossil fuel sector: 0,00%

- **PAI 5. Share of non-renewable energy consumption and production**

- Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources: 42,83%

- **PAI 6. Energy consumption intensity per high impact climate sector**

- Energy consumption intensity per high impact climate sector: 0,00

- **PAI 7. Activities negatively affecting biodiversity-sensitive areas**

- Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas: 0,00%

- **PAI 8. Emission to water**

- Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average: 0,00

- **PAI 9. Hazardous waste and radioactive waste ratio**

-Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average: 0,00

- **PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**

-Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises: 0,00%

- **PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises**

-Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises: 0,23%

- **PAI 12. Unadjusted gender pay gap**

-Average unadjusted gender pay gap of investee companies: 6,09%

- **PAI 13. Board gender diversity**

- Average ratio of female to male board members in investee companies, expressed as a percentage of all board members: 10,54%

- **PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)**

-Share of investments in investee companies involved in the manufacture or selling of controversial weapons: 0,00%

Engagement policies

Engagement aims at raising awareness among the management of the companies in which Azimut Investments invest by strengthening their ESG risk management and promoting their sustainability performance. It is an ongoing strategy, which aims at improving practices of good governance and good social and environmental behavior, so as to generate positive impacts in terms of sustainable development.

Where necessary, Azimut Investments interacts with the top management of the companies in which it invests to better understand the risk of negative impacts on sustainability factors and to actively vote on solutions of ordinary and extraordinary shareholders' meetings in order to promote best environmental, social and governance practices.

Azimut Investments pays particular attention to the policies implemented by the issuers in which it invests in the belief that sound corporate policies and practices that incorporate environmental, social and governance issues are capable of creating long-term shareholder value.

Lastly, in line with the provisions of the PRI, Azimut Investments is committed to ensuring full transparency on the approach adopted for responsible investment and is committed to promoting the dissemination of the principles of responsible investment to all its stakeholders: managers, investors and service providers.

As signatories to the UN Principles for Responsible Investment (UN PRI) Azimut Investments, seeks to positively influence environmental, corporate and governance behaviors through proxy voting, engagement with management, internal research on governance, and participation in industry surveys and events.

Thanks to the strategic partnership between Azimut and ISS Governance – leading proxy voting advisor – Azimut Investments exercises its voting rights based upon the recommendations of the ISS Governance’s Sustainability Policy (the one specifically designed for UN PRI signatories).

For more details refers to the [Azimut Investments voting right Policy](#).

Furthermore, during 2023, Azimut Holding plans to participate the Joint engagement sponsored by the Carbon Disclosure Project (CDP), to engage with 1600 international companies with a high carbon footprint and push them to disclose through CDP questionnaire and boost transparency and drive-up rates of corporate disclosure. More information are available to the following link: <https://www.cdp.net/en/investor/engage-with-companies/non-disclosure-campaign>.

Moreover, the Group established a multidisciplinary working group named Integrate Assess Monitor (IAM), composed of representatives from Italian and international offices across investment, risk, legal, and product functions. The aim of this initiative is to advance the integration of ESG factors within the Group’s investment processes. During 2023, IAM focused on the due diligence process for new ESG rating providers to complement MSCI ESG, with the additional goal of developing a proprietary sustainability rating methodology at the Group level, which is currently in the finalization and testing phase. The IAM members in Italy and Luxembourg are involved in both individual and collective engagement initiatives, also making use of the different expertise that make up IAM.

References to international Standards

The parent company, Azimut Holding SpA, signed in 2019 the Principles for Responsible Investment (PRI) on a voluntary basis, a set of investment principles aimed at incorporating ESG issues into investment practices and enriching investor information in this regard.

For more details refers to the [Azimut Investments voting right Policy](#).

Given the ever-changing regulatory scenario and the non-exhaustiveness of the methodologies currently available at the market level, AI does not consider relevant, the use of a forward-looking climate scenario.

Historical comparison

During the reference period Azimut Investments experienced minor differences in terms of PAI performance, compared to year 2022.

Major changes, where present, are explained in the column “explanation” of section “***Description of the principal adverse impacts on sustainability factors***” and are due to changes in methodology or data coverage.

Azimut Investments will monitor PAI performance through the years, and, where deemed necessary, even considering Regulatory developments and data availability, will evaluate applying proper remedial action.