



**SUMMARY OF THE
SUSTAINABILITY POLICY
OF EURIZON SLJ CAPITAL LIMITED**

April 2021

INDEX

1.	FOREWORD	3
2.	EURIZON'S ENGAGEMENT TO THE FINANCIAL SERVICES SUSTAINABILITY	3
2.1.	UN PRINCIPLES FOR RESPONSIBLE INVESTMENT	4
3.	ROLES AND RESPONSIBILITIES IN THE SELECTION AND MONITORING PROCESS OF THE ESG AND SRI CRITERIA	4
4.	SCOPE	6
5.	SUSTAINABILITY RISK INTEGRATION PROCESS INTO THE INVESTMENT PROCESS OF ASSETS UNDER MANAGEMENT	6
6.	SCREENING PROCESS OF THE TARGET UCITS ISSUED BY THIRD-PARTY FUND HOUSES IN RELATION WITH SRI AND ESG FACTORS	7
7.	INVESTMENTS IN GOVERNMENT ISSUERS BELONGING TO THE EUROPEAN UNION	8
8.	DELEGATION OF THE INVESTMENT MANAGEMENT ACTIVITY TO THIRD PARTY INVESTMENT MANAGERS	8
9.	POLICY REVIEW AND ADVERTISING	8
10.	REPORTING	8
11.	ANNEX 1: PRODUCT MAPPING SHOWING THE ESG/SRI STRATEGIES	9

1. FOREWORD

As a financial market participant, Eurizon SLJ Capital Limited (henceforth “ESLJ” or the “Company”) has a fiduciary duty to its clients, investors and, more generally, to other stakeholders that requires it to effectively deal with the issues relating to sustainability, with particular reference to the returns on its financial products and to the issuers in which it invests on behalf of the assets under management. The Company believes that the issuers implementing high standards at a social, environmental and corporate governance level are more likely to achieve sustainable profits over time and therefore increase their value both economically and financially over the long term.

This Sustainability Policy (the “Policy”) describes the financial instrument selection and monitoring methodologies adopted by the Company in order to include the sustainability risk analysis¹ as part of its decision-making process on investments relating to collective asset management services and portfolio management and to the recommendations made within the investment advisory service (the “Investment Process”).

These methodologies provide for the application of specific selection processes of the financial instruments, suitably tiered according to the characteristics and objectives of individual managed products, taking environmental, social and governance factors (so called “Environmental, Social and Governance factors” or “ESG”) and principles of Sustainable and Responsible Investment (so called “Sustainable and Responsible Investments” – “SRI”) into account.

The issuer selection and monitoring criteria based on ESG and SRI profiles integrate the traditional financial analysis of risk/return profiles of issuers that the Company takes into account when forming its Investment choices, in order to i) prevent ESG conditions that cause a significant, actual or potential, adverse impact on the value of the investments of the assets under management and ii) seize the ability of the issuers to take advantage of opportunities for sustainable growth.

This Policy represents the integration of the sustainability risks in the Investment Process of ESLJ pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council on information on sustainability in the financial services sector (so called “Sustainable Finance Disclosure Regulation” or “SFDR”) and the related implementing regulations. The SFDR has direct application for the Luxembourg-based UCITS funds (promoted by other entities belonging to the Asset Management Division and other divisions of the ISP Group) that the Company is the delegated investment manager to- which are in scope of the SFDR and therefore the policy is designed to allow the Company to comply with the relevant SFDR requirements as well as the guidelines of the Eurizon Asset Management Division in this regard.

Due to the fact that the SFDR came into force after the end of the Brexit transitional period, the UK government did not automatically onshore SFDR into UK domestic law. Therefore, the SFDR does not have direct application in relation to the UK UCITS funds and UK segregated mandates managed by the Company. However, the Company has the ability to adopt the provisions of this policy also for the UK UCITS funds and UK segregated mandates as it sees fit.

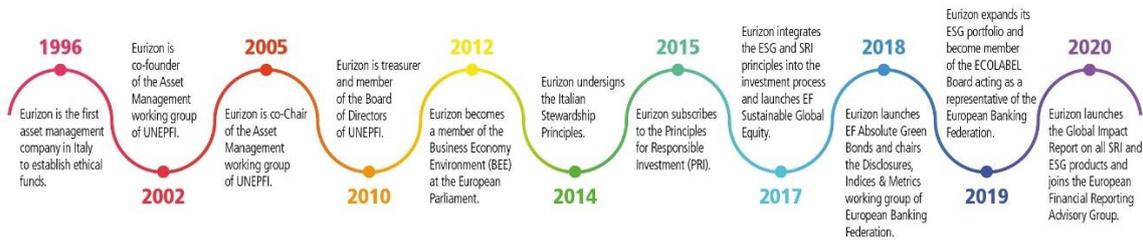
If as expected, the UK Government implements an SFDR equivalent regime within the UK, the Company will implement this regime for the UK funds under management. However, in the event that a UK regime is implemented, the EU funds under the delegated management of the Company would remain under the SFDR.

2. EURIZON’S ENGAGEMENT TO THE FINANCIAL SERVICES SUSTAINABILITY

The Vision and the Mission of Eurizon Capital SGR S.p.A. (henceforth the “Parent Company”) emphasise the importance for the companies (including ESLJ) belonging to the Eurizon Asset Management Division of Intesa Sanpaolo Group (henceforth the “Ultimate Parent Company”) to co-operate with the companies in which it invests to promote rules and behaviours that prefer the sustainability aspects of the investments and encourage high governance standards of the investee issuers.

¹ i.e. the occurrence of an event or an ESG condition that may cause a significant actual or potential negative impact on the investment value.

The following diagram shows the key stages of the engagement evolution of the Asset Management Division regarding ESG and SRI issues, since 1996, i.e. the year that the first Ethical funds were marketed by the Parent Company on the Italian market:



2.1. UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

It is the intention of the Company to become a signatory to the United Nations Principles for Responsible Investment - i.e. the guiding principles on socially responsible investments promoted by the United Nations at the initiative of:

- “*UNEP FI*”: the partnership between the “*United Nations Environment Programme*” (UNEP) and the financial sector aiming at analysing the impact of environmental and social considerations on the sustainability of the financial performances;
- “*UN Global Compact*”: the initiative aimed at promoting a sustainable global economy, respectful of human and labour rights, the protection of the environment and the fight against corruption.

The Parent Company has been a signatory of the Principles for Responsible Investment since 2015 and is committed to:

1. incorporate environmental, social and governance factors into its investment analysis and decision-making process;
2. integrate environmental, social and governance factors in the active ownership policy;
3. ask the companies in which it invests for a suitable dissemination of information about them regarding the environmental, social and governance factors;
4. promote the acceptance and implementation of the Principles in the investment community;
5. work with the financial community to improve the effectiveness in implementing the Principles;
6. disclose to the public the reports on activities and progress of the companies in applying the Principles.

As a signatory of the Principles for Responsible Investment on behalf of the Asset Management Division, the Parent Company is annually required to provide transparent information on its responsible investment activities by preparing the so-called “*RI Transparency Report*”, available on the website www.unpri.org.

It is also the intention of the Company to become a signatory to the UK Stewardship Code in the short to medium term.

3. ROLES AND RESPONSIBILITIES IN THE SELECTION AND MONITORING PROCESS OF THE ESG AND SRI CRITERIA

In order to promote a successful implementation of its Sustainability Policy, ESLJ, with the support of the Parent Company’s competent structures, set up a special framework which includes the involvement of the following corporate bodies and structures:

At Company level:

BOARD OF DIRECTORS

Based on the proposals made by the Co-Chief Investment Officers, it defines the selection and monitoring methodologies of the financial instruments, in order to complement the sustainability risk analysis within the Investment Process of the managed products.

It regularly checks the correct implementation of the Company's Sustainability Policy.

CO-CHIEF INVESTMENT OFFICERS

The Co-Chief Investment Officers, with the support of the ESG & Strategic Activism unit of the Parent Company coordinates activities related to participation in Shareholders' Meetings in relation to the exercise of voting rights for investments held by the products established by the Company, monitors and coordinates engagement with significant issuers in relation to significant issues in terms of strategy, financial and non-financial results, risks, capital structure, as well as in terms of social, environmental and corporate governance impact.

COMPLIANCE & RISK OFFICER FUNCTION

The Compliance & Risk Officer function monitors the compliance with the Sustainability Policy of the Company, overseeing the appropriate implementation of the controls governed in the external and internal regulations. This function also monitors the sustainability risk of the products under management and oversees the compliance with the decision-making process and the Operational Limits aimed to reduce the risks, including reputational ones, of the managed portfolios related to ESG and SRI issues.

HEAD OF DISTRIBUTION

The Head of Distribution supports the Company regarding the implementation of the Policy from a UK perspective. In particular:

- Provides guidance regarding client centric best practice surrounding the implementation of the UK Stewardship Code, UNPRI and other UK centric affiliations and certifications;
- Oversees of the communication of the Policy and related reporting for the UK business, ensuring all communications are clear, fair and not misleading;
- Ensures that the Policy and UK fund/mandate specific criteria are effectively communicated throughout the distribution infrastructure of the Company and UK market; and
- Acts as an ambassador within the UK market for the Company on ESG and SRI matters, representing the Company on UK industry forums.

At the Parent Company level:

SUSTAINABLE AND RESPONSIBLE INVESTMENTS COMMITTEE

The Sustainable and Responsible Investments Committee (hereinafter also "SRI Committee") is an advisory body that supports the Managing Director of the Parent Company (i) in the definition of proposals to be submitted to the Board of Directors of the Parent Company regarding sustainability related Policies, (ii) in the monitoring of exposures of the assets to the ESG and SRI indicators and (iii) in the control of the escalation process relating to "critical issuers" securities.

ESG & STRATEGIC ACTIVISM UNIT

The ESG & Strategic Activism unit ensures the dissemination and implementation of the sustainability principles of the investments, promoting integration of ESG factors in the Investment Process across the Asset Management Division, including the Company.

This unit is responsible for developing and implementing the ESG and SRI related corporate Policies and for the proper conduct of the corresponding operating procedures. The unit monitors market practices and proposes interventions to the Senior Management that promote innovation on methodologies and business processes.

LONG TERM SUSTAINABLE STRATEGIES UNIT

The Long-Term Sustainable Strategies unit of the Parent Company monitors corporate issuers, also using info-providers specialised in ESG and SRI matters in order to identify the lists related to (i) issuers deemed as non "socially responsible", (ii) issuers with a high exposure to ESG risks ("critical issuers"). This structure is also the divisional competence centre for the control and innovation of the management strategies related to ESG and SRI.

4. SCOPE

This Policy concerns all EU mutual funds and segregated mandates managed by the Company - that in the pre-contractual information:

- explain the methods of sustainability risk integration in the investment decisions, in accordance with the transparency requirements laid down in Article 6 of Regulation (EU) 2019/2088;
- promote environmental or social characteristics, among others, or a combination of these characteristics, provided that the companies in which the investments are made respect good governance practices, pursuant to Article 8 of Regulation (EU) 2019/2088;
- have sustainable investment objectives, pursuant to Article 9 of Regulation (EU) 2019/2088.

The Company reserves the option to apply the SFDR standards for all UK managed products- despite these funds being out of scope of the SFDR.

If as expected, the UK Government implements an SFDR equivalent regime within the UK, the Company reserves the right to implement this regime for the UK funds under management. However, in the event that a UK regime is implemented, the EU funds under the delegated management of the Company would remain under the SFDR.

The Company's reserves the right to exclude from the scope of this Policy, EU and UK segregated mandates considering the lower degree of discretion in the selection of financial instruments in their respective investment policies.

5. SUSTAINABILITY RISK INTEGRATION PROCESS INTO THE INVESTMENT PROCESS OF ASSETS UNDER MANAGEMENT

In line with the PRI Principle No 1 and the obligations imposed by Regulation (EU) 2019/2088 on sustainability information in the financial services sector, the Company set out specific selection and monitoring methodologies of the financial instruments aimed at integrating the sustainability risks inside the Investment process of the assets under management.

The following paragraphs report a description of the controls adopted by ESLJ , in line with the following ESG/SRI strategies:

- SRI exclusion/limitation: issuers excluded from the Investment Universe of the assets under management (known as "*SRI Binding screening*"); for Limited Tracking Error Funds (except LTE ESG products) or indexed products, the maximum direct investment allowed is equal to the weight of the issuer in the reference parameter; issuers operating in sectors deemed not to be "socially responsible" are those companies characterized by a clear direct involvement in the manufacture of unconventional weapons (*Land-mines, Cluster bombs, Nuclear weapons, Depleted uranium, Biological weapons, Chemical weapons, Invisible cluster munitions, Blinding Lasers, Incendiary weapons, White phosphorus*) or in the thermal coal sector. All EU and UK funds under management are subject to ex-ante SRI Binding Screening.
- ESG exclusion/limitation: issuers excluded from the Investment Universe of the assets under management (known as "*ESG Binding screening*" or "CCC" list); for Limited Tracking Error Funds (except LTE ESG products) or indexed products, the maximum direct investment allowed is equal to the weight of the issuer in the reference parameter; "critical" issuers are those companies with the highest exposure to environmental, social and corporate governance risks, i.e. with a lower ESG sustainability rating level (equal to "CCC" assigned by the specialised info-provider "MSCI ESG Research") in the equity and bond investment universe. All EU funds under management are subject to ESG Binding Screening. This validation can also be applied to the UK funds under management at the Company's discretion;
- Integration of ESG factors: integration of ESG factors in the analysis, selection and composition of the managed portfolios and aims to build a portfolio with a higher average ESG score than that of its investment universe (known as "*ESG integration*") and that respects good governance practices. Currently only those EU funds under management that are article 8 will be subject to ESG integration

checks. This validation can also be applied to the UK funds under management at the Company’s discretion; and

- **Active ownership:** when applicable and under the coordination of the relevant functions of the Parent Company, promotion of a proactive interaction with the issuing companies, both by exercising the rights to attend and vote and by being proactive with the investee companies by encouraging an effective communication with the management of the companies (known as *engagement*).

In this context, the Company set out specific decision-making processes and “Operational Limits” aimed at containing the risks, including reputational ones, of the managed portfolios connected to ESG and SRI issues, whose compliance is monitored by the Risk Management function.

The association between ESG/SRI strategies and the financial products’ categorization in the SFDR is reported in the following table:

INTEGRATION STRATEGY	ART. 6	ART. 8	ART. 9
SRI exclusion/limitation (SRI Binding screening)	●	●	●
ESG exclusion/limitation (ESG Binding screening)	●	●	●
Integration of ESG factors (ESG integration)		●	
Active ownership - Engagement	●	●	●

Annex 1 illustrates the product mapping showing the ESG/SRI strategies applicable to the Company, as resulting from the respective investment management agreement or fund offering document as applicable.

For each of the Strategies, the Company has defined specific decision-making processes and operational limits aimed at limiting the risks, including reputational risks, of managed portfolios. Compliance with the operational limits is monitored by the Risk Management Function of the Parent Company with the support of the Compliance & AML Function.

6. SCREENING PROCESS OF THE TARGET UCITS ISSUED BY THIRD-PARTY FUND HOUSES IN RELATION WITH SRI AND ESG FACTORS

The Company invests in target UCIs of third-party fund houses provided they are included in the UCI buy-list transmitted by the competent functions of the Parent Company.

In particular, as part of the process of selecting and monitoring the target UCIs of third-party fund houses, the Multimanager Investments & Unit Linked unit of the Investment Department of the Parent Company integrates the financial analysis of the UCIs by analysing the level of integration of SRI and/or ESG factors and related sustainability risks in the light of:

- the investment decision-making processes of fund houses, in accordance with Article 6 of Regulation (EU) 2019/2088;
- the investment policy of each UCI, monitoring:
 - o the promotion, among other characteristics, of environmental or social characteristics, or a combination of these as well as compliance with good governance practices, pursuant to Article 8 of Regulation (EU) 2019/2088;
 - o the adoption of sustainable investment objectives, pursuant to Article 9 of Regulation (EU) 2019/2088;
 - o as well as the presence of additional ESG-type distinctive elements in the management of each product.

This information - acquired directly from fund houses and / or through specialized info-providers (e.g. Bloomberg, Morningstar) - is assessed as one of the elements considered for possible approval in the UCI buy-list, and as a possible choice criteria, among others, by the portfolio managers of the Company.

For segregated UK and EU mandate clients, the above-described screening process is disapplied in case of specific instruction from the client as part of the Discretionary Portfolio Management activity.

7. INVESTMENTS IN GOVERNMENT ISSUERS BELONGING TO THE EUROPEAN UNION

With regard to debt financial instruments, the Company believes that instruments issued or guaranteed by a European Union State, by its local authorities or by international public bodies composed of Member States of the European Union and the UK comply with ESG criteria. In fact, the Company recognizes the importance that the European Union attaches to sustainability in its financial policy framework, aimed at encouraging sustainable growth and oriented towards a longer-term time horizon.

In this context, the European Union considers ESG factors as an integral part of its economic development process. To this end, it promotes projects in the field:

- environmental, for the development of a resource efficient growth strategy, aimed at combating climate change and environmental degradation, as well as transforming environmental problems into opportunities and making the transition fair and inclusive (so-called "green deal"); this includes initiatives aimed at transparency on the risks associated with ESG factors that may have an impact on the financial system (including the formulation of criteria for a common taxonomy on sustainability) and the mitigation of risks through adequate governance of financial and business intermediaries;
- social, for the financing of social projects aimed at addressing issues relating to respect for human rights (reducing inequalities and improving inclusiveness), the fight against corruption and the introduction of common standards in the field of labour law (promoting the reduction of wage gaps, gender diversity and introducing forms of worker protection);
- governance, aimed at improving the governance of public and private institutions, with specific reference to corporate governance structures, relations with employees and remuneration policies; in this regard, we recall - in particular - the initiatives aimed at strengthening the transparency of companies (so-called "non-financial reporting").

The efforts of the European supervisory authorities (so-called European Supervisory Authorities) for credit institutions, insurance companies and investment management companies are also positioned in this direction, favouring the development of the "Action plan to finance sustainable growth" and reduce the risks to financial stability.

In support of this assessment, the SRI Committee of the Parent Company monitors the evolution of the sustainability policies adopted by the European Union, verifying - at least every six months - that the ESG sustainability rating level assigned by the specialized information provider MSCI ESG Research "Remains of adequate quality".

8. DELEGATION OF THE INVESTMENT MANAGEMENT ACTIVITY TO THIRD PARTY INVESTMENT MANAGERS

In case the investment management activities of the Company's products are delegated to a third-party manager, the Company ensures, through its initial and ongoing due diligence process conducted by the Company's competent functions that such managers are compliant with the mandatory requirements in term of sustainable framework.

9. POLICY REVIEW AND ADVERTISING

The Sustainability Policy of the Company is subject to annual review by the Compliance & Risk Officer function of the Company with the support of the *ESG & Strategic Activism* unit of the Parent Company, to assess the consistency of the methodologies adopted by the Company with the evolution of *best practices* developed at national and international level.

10. REPORTING

In accordance with the provisions of the current regulations, the Company provides its clients/investors and other *stakeholders* with a Summary of the Sustainability Policy, as well as any relevant amendment, if any, via its website.

11. ANNEX 1: PRODUCT MAPPING SHOWING THE ESG/SRI STRATEGIES

Products / Funds under management	SFDR classification	SRI binding screening (sectors exclusion)	SRI binding screening (sectors limitation)	ESG binding screening (issuers exclusion)	ESG binding screening (issuers limitation)	ESG integration	Active Ownership (stocks>5%)
Eurizon Fund (Lux) -Bond Aggregate RMB	Art. 6	Y		Y			
Eurizon Fund (Lux) – Local Emerging Markets Debt	Art. 8	Y		Y		Y	
Eurizon Fund (Lux) - SLJ Flexible Global Macro	Art. 6	Y		Y			
Eurizon Fund (Lux) - SLJ Enhanced Currency Basket	Art. 6	Y		Y			
Eurizon Fund (Lux) -China Opportunity	Art. 8	Y		Y		Y	
Eurizon Funds (UK) - ESLJ Local Emerging Markets Debt	N/A	Y		Y			
Eurizon Funds (UK) - ESLJ Bond Aggregate RMB (Renminbi)	N/A	Y		Y			