

Sustainability-related disclosures

Mediolanum Socially Responsible Collection

This disclosure is made by Mediolanum International Funds Limited (the “**Manager**”) in respect of Mediolanum Socially Responsible Collection (the “**Sub-Fund**”), a sub-fund of Mediolanum Best Brands (the “**Fund**”) pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“**SFDR**”).

The prospectus of the Fund is available from www.mifl.ie which includes the investment objective and policies of the Sub-Fund together with the pre-contractual annex contained in the Sub-Fund Information Card therein and a copy of the most recent annual reports of the Fund is available from www.mifl.ie.

- a. **Summary:** The Sub-Fund promotes environmental and/or social characteristics and promotes investments into companies which follow good governance practices. It does not have as its objective a sustainable investment, however, it will have a minimum proportion of 20% of sustainable investments. The Sub-Fund therefore falls within the scope of Article 8 of the SFDR.

The Manager or third-party asset manager(s) appointed by the Manager will primarily select investments which it believes will generate exposure to companies, issuers and/or collective investment schemes which in addition to economic and financial objectives, promote the Sub-Fund’s environmental and/or social characteristics.

The Manager or third-party asset manager(s) appointed by the Manager implements the Sub-Fund’s ESG investment strategy on a continuous basis through the use of appropriate sustainability indicators and also with reference to reporting received from third-party asset manager(s).

The Manager intends to hold 100% of the Sub-Fund’s Net Asset Value (excluding cash, cash equivalents and certain derivatives for liquidity and hedging purposes) in mandates in relation to all or part of the Sub-Fund’s assets managed by its selected third-party asset manager(s) and/or collective investment schemes, which promote environmental and social characteristics in accordance with Article 8 of SFDR or have sustainable investments as their objective in accordance with Article 9 of SFDR. When investing in collective investment schemes, the Manager or third-party asset manager(s) seek to ensure that 100% of the Sub-Fund’s investments in collective investments comprise schemes which are classified as Article 8 or 9 in line with the SFDR and which seek to promote characteristics consistent with those promoted by the Sub-Fund.

The Sub-Fund will seek to promote environmental or social characteristics as monitored by a number of sustainability indicators (which are certain selected Principal Adverse Impact Indicators (“PAIs”)) and will measure and monitor these selected PAIs for all managed assets of the Sub-Fund in order to demonstrate attainment of each of the environmental and social characteristics promoted by the Sub-Fund using MSCI ESG Manager or other third-party ESG data rating providers.

Regarding the portion of the Sub-Fund allocated to sustainable investments, the Manager or the third-party asset manager(s) appointed by the Manager to manage the Sub-Fund, consider the 14 mandatory indicators on greenhouse gas emissions, biodiversity, water, waste and social indicators with reference to the companies in which the Sub-Fund invests in order to show the impact of the sustainable investments against these indicators.

For this sustainable portion of the Sub-Fund, the Manager and/or the third-party asset manager(s) appointed by the Manager ensure, through the use of screening tools, to exclude companies that do not comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Manager or third-party asset manager(s) appointed by the Manager will also assess the governance practices and governance performance of the companies in which it invests through the assessment of companies' sound management structures, employee relations, remuneration of staff and tax compliance.

The Manager communicates its ESG approach and requirements to the third-party asset manager(s) appointed as part of the selection process and the ongoing monitoring process, to seek to ensure they align with such approach and requirements. The Manager may also perform a periodic ESG due diligence assessment of the appointed third-party asset manager(s)' proprietary methodology/ies for its allocation of the Sub-Fund. This may also include the application of the Manager's proprietary ESG scoring methodology to the third-party asset manager(s)' process to select investments which promote the Sub-Fund's environmental and/or social characteristics within the investment process and portfolio construction and a verification that any appointed third-party asset manager continues to promote the environmental and/or social characteristics as part of its investment strategy.

ESG data quality and availability can vary significantly from company to company, industry to industry or region to region, since most companies worldwide are not currently required by law (with the exception of certain EU based issuers) to report on the majority of ESG data. Third-party ESG data providers all tend to use different methodologies for scoring which leads to variances in ratings and a lack of consistency.

The Sub-Fund has not designated a reference benchmark for the purpose of meeting the environmental or social characteristics promoted by it.

- b. **No sustainable investment objective:** The Sub-Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment. While it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments.

Regarding the portion of the Sub-Fund allocated to sustainable investments, the Manager or the third-party asset manager(s) appointed by the Manager consider the indicators for adverse impacts on sustainability factors and ensure that the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Third-party asset manager(s) may also consider alignment with other principles, such as the United Nations Global Compact Principles on human rights, labour standards, environmental protection and anti-bribery/corruption and exclude companies which are in violation or severe material breach of these principles.

Regarding the portion of the Sub-Fund allocated to sustainable investments, the Manager or the third-party asset manager(s) appointed by the Manager to manage the Sub-Fund consider the 14 mandatory indicators on greenhouse gas emissions, biodiversity, water, waste and social indicators with reference to the companies in which the Sub-Fund invests in order to show the impact of the sustainable investments against these indicators. Accordingly, the third-party asset manager(s) demonstrate that the sustainable investments of the companies do not significantly harm ("DNSH") any of these environmental or social objectives. The additional 4 mandatory PAI indicators for sovereigns and real estate do not apply to the Sub-Fund.

The Manager and/or the third-party asset manager(s) appointed by the Manager ensure, through the use of screening tools, to exclude companies that do not comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

- c. **Environmental or social characteristics of the financial product:**

The Manager or third-party asset manager(s) appointed by the Manager to directly manage all or part of the Sub-Fund's assets will seek to ensure that investments made gain exposure to companies, issuers and/or collective investment schemes which in addition to economic and financial objectives, promote environmental, social and/or governance ("**ESG**") factors. The Manager or third-party asset manager(s) appointed by the Manager will seek to promote environmental or social characteristics as monitored by the sustainability indicators as set out below under "**f. Monitoring of environmental or social characteristics**".

d. **Investment strategy:**

The Manager or third-party asset manager(s) appointed by the Manager will primarily select investments which it believes will generate exposure to companies, issuers and/or collective investment schemes which in addition to economic and financial objectives, promote the Sub-Fund's environmental and social characteristics. The ESG screening tools which may be utilised individually or combined by the Manager or third-party asset manager(s) appointed by the Manager include the use of external research and data (including publicly available information and data sourced from third party data providers), third party asset managers' internal proprietary tools as well as an internal assessment of strengths and weaknesses of engagements conducted by the Manager or third-party asset manager(s). These screening tools will help with the identification of companies that in the Manager's or third-party asset manager's opinion have most successfully integrated ESG factors into their management strategies. The Manager implements the Sub-Fund's ESG investment strategy on a continuous basis through the use of appropriate sustainability indicators and also with reference to reporting received from third-party asset manager(s). Further details in relation to the general investment strategy of the Sub-Fund are set out under the heading "B. Investment Policies" in the Sub-Fund Information Card in respect of the Sub-Fund.

The Manager intends to hold 100% of the Sub-Fund's Net Asset Value (excluding cash, cash equivalents and certain derivatives for liquidity and hedging purposes) in mandates in relation to all or part of the Sub-Fund's assets managed by its selected third-party asset manager(s) and/or collective investment schemes, which promote environmental and social characteristics in accordance with Article 8 of SFDR or have sustainable investments as their objective in accordance with Article 9 of SFDR.

When investing in collective investment schemes, the Manager or third party asset manager(s) seek to ensure that 100% of the Sub-Fund's investments in collective investments comprise schemes which are classified as Article 8 or 9 in line with the SFDR and which seek to promote characteristics consistent with those promoted by the Sub-Fund. The Manager undertakes a periodic assessment of the third-party asset manager(s) approach to managing collective investment schemes/mandate classified as Article 8 or 9 in line with the SFDR.

The Manager performs a periodic ESG due diligence assessment of the appointed third-party asset manager(s)' proprietary methodology/ies for its allocation of the Sub-Fund. This may include the application of the Manager's proprietary ESG scoring methodology to the third-party asset manager(s)' ability to select investments which promote the Sub-Fund's environmental and/or social characteristics within the investment process and portfolio construction and a verification that any appointed third-party asset manager continues to promote the environmental and/or social characteristics as part of its investment strategy. The Manager's proprietary ESG scoring methodology applies a specific ESG rating to each third-party asset manager, with qualitative inputs and quantitative metrics used as tools to support the relevant ESG scoring applied to each third-party asset manager. Each underlying mandate/collective investment scheme must have a minimum ESG score. The type of information that the Manager will request from third-party asset manager(s)/manager(s) of the collective investment schemes (if applicable) includes, but is not limited to: (i) ESG/sustainability investment approach, including the definition of sustainable investments; (ii) ESG investment strategy and binding elements;

(iii) target asset allocation (sustainable investments and taxonomy aligned investments); (iv) sustainability indicators; (v) the use of PAIs; and (vi) confirmations in relation to monitoring and reporting.

The Manager or third-party asset manager(s) appointed by the Manager will also assess the governance practices and governance performance of the companies in which it invests through the assessment of companies' sound management structures, employee relations, remuneration of staff and tax compliance. The Manager or the third-party asset manager(s) are of the opinion that companies should have suitable practices and policies in place across all four of these areas to ensure that they are best placed to evolve in a sustainable manner over the long-term. In order to assess how well companies are governed, the Manager or third-party asset manager(s) may use a range of different metrics associated with each of the above areas, which may involve the use of proprietary tools with various data points, analysis of the financial statements and related materials of companies, direct interactions with the management and/or governance information and ratings from data providers.

e. Proportion of investments:

The asset allocation and minimum share of sustainable investments contained in the pre-contractual annex of the Sub-Fund is as of 1 December 2022 and states the following percentages as:

The proportion of investments used to meet the environmental and social characteristics promoted by the Sub-Fund is 100% (excluding cash, cash equivalents and certain derivatives for hedging and efficient portfolio management purposes) with the minimum proportion of sustainable investments being 20%.

The Sub-Fund commits to having a minimum 20% sustainable investments, however, within this overall commitment, there is no minimum commitment to invest in sustainable investments with an environmental objective or in sustainable investments with a social objective. This means that the proportion of sustainable investments with an environmental objective and those with a social objective will vary from time to time. The minimum share of sustainable investments at Sub-Fund level takes into account the minimum share of sustainable investments allocated by each third-party asset manager to each mandate/collective investment scheme (if applicable) on an aggregated basis.

The latest data available to the Manager sets the asset allocation and minimum share of sustainable investments of the Sub-Fund is as above.

The Manager or the third-party asset manager(s) appointed by the Manager does not intend to use derivatives as a long-term strategy to attain the environmental or social characteristics promoted by the Sub-Fund. However, from time to time, the Manager or the third-party asset manager(s) appointed by the Manager may use derivatives for investment purposes and as part of its strategy to attain the sustainable investment objective of the Sub-Fund. Such investment would include, for example, the use of swaps providing exposure to sustainable investments (for example through swaps based on a portfolio of sustainable investment securities or SFDR Article 8 or 9 funds) that are deemed to be consistent with the investment strategy of the Sub-Fund.

f. Monitoring of environmental or social characteristics:

The Sub-Fund will seek to promote environmental or social characteristics as monitored by sustainability indicators. The Manager uses principal adverse impact ("PAIs") indicators of GHG emissions (Table 1 PAI 1), carbon footprint (Table 1 PAI 2), GHG intensity of investee companies (Table 1 PAI 3), violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (Table 1 PAI 10), lack of a human rights policy (Table 3 PAI 9) and will measure and monitor these selected PAIs for all

managed assets of the Sub-Fund in order to demonstrate attainment of each of the environmental and social characteristics promoted by the Sub-Fund using MSCI ESG Manager or other third-party ESG data rating providers.

Subject to data availability and using MSCI ESG Manager, the Manager will measure the selected PAI indicators, as outlined above for all managed assets of the Sub-Fund on a periodic basis. The report will underpin the monitoring of the Sub-Fund through the bespoke PAI chosen for the Sub-Fund and enable engagement with asset managers for ESG purposes. The Manager will use the reports for consideration within the investment process to make an overall assessment of potential concerns, as the basis for engagement with companies or fund managers.

g. Methodologies:

The Manager or third-party asset manager(s) appointed by the Manager will primarily select investments which it believes will generate exposure to companies, issuers and/or collective investment schemes which in addition to economic and financial objectives, promote the Sub-Fund's environmental and social characteristics. The ESG screening tools which may be utilised individually or combined by the Manager or third-party asset manager(s) appointed by the Manager include the use of external research and data (including publicly available information and data sourced from third party data providers), third party asset managers' internal proprietary tools as well as an internal assessment of strengths and weaknesses of engagements conducted by the Manager or third-party asset manager(s). These screening tools will help with the identification of companies that in the Manager's or third-party asset manager's opinion have most successfully integrated ESG factors into their management strategies. The Manager implements the Sub-Fund's ESG investment strategy on a continuous basis through the use of appropriate sustainability indicators and also with reference to reporting received from third-party asset manager(s).

Further information on the methodologies / strategies used to measure how the Sub-Fund's social or environmental characteristics are met is set out above under "**d. Investment strategy**".' above.

h. Data sources and processing:

Each of the third-party asset manager(s) appointed by the Manager and the managers of collective investment schemes use their own data sources and proprietary methodologies. As described herein, the Manager performs a periodic ESG due diligence assessment of the appointed third-party asset manager(s)' proprietary methodology/ies for its allocation of the Sub-Fund. Monitoring and oversight of underlying third-party asset managers will be done by the Manager using MSCI ESG Manager or other third-party ESG data rating providers.

The Manager recognises the data challenges with respect to ESG and in selecting data sourced from third party providers, which is used to attain the environmental and/or social characteristics of the Sub-Fund.

As part of the Manager's due diligence process, the third-party asset manager(s) appointed by the Manager and the managers of collective investment schemes will periodically share the data that supports their ongoing monitoring of the applicable manager's chosen sustainability indicators for assessment of the Sub-Fund's mandate.

Furthermore, on a periodic basis, the Manager receives and analyses the reports from the third-party asset managers and the managers of collective investment schemes to ensure they are at the standard required and will engage with the third-party managers accordingly. The Manager assesses the third-party asset manager(s)' appointed by the Manager and the managers of collective investment schemes' approach to attaining the Article 8 and Article 9 classification.

The data provided by third-party data providers is generally integrated directly into the Manager's internal systems and workflows through an automated feed at set frequencies in order to reduce any operational risk which may arise as a result of human intervention. The reports received from third-party asset manager(s) appointed by the Manager and the managers of collective investment schemes are also integrated into the data management system of the Manager.

It is currently difficult to report sufficiently accurate numbers on the proportion of data used for the Sub-Fund by the Manager which is estimated due to the multi-manager approach taken by the Manager in respect of the Sub-Fund. However, as described herein the Manager has a robust due diligence approach in place.

i. **Limitations to methodologies and data:**

Since most companies worldwide are not currently required by law (with the exception of certain EU based issuers) to report on the majority of ESG data, companies are left to determine for themselves which ESG factors are material to their business performance, and what information to disclose to investors. It means ESG data quality and availability can vary significantly from company to company, industry to industry or region to region.

Currently, large corporates in Europe must disclose under the Non-Financial Reporting Directive (NFRD). However, the NFRD does not align with the data points under the SFDR. New legislation namely, the Corporate Sustainability Reporting Directive, has been drafted to expand the scope of the NFRD and align it to the SFDR. But this is not expected to apply until 2023 for large companies and 2025 for smaller in-scope firms. This means there will be a mismatch between the time asset managers are expected to report on ESG data and investment companies are obliged to report. Inevitably, this will lead to data gaps.

Third-party ESG data providers (MSCI, Sustainalytics) all tend to use different methodologies for scoring which leads to variances in data and a lack of consistency.

[As described herein, the Manager undertakes a periodic ESG due diligence assessment of the appointed third-party asset manager(s)' proprietary methodology/ies. Additionally, the Manager may resort to options such as using multiple data providers for certain data, having a direct dialogue with third-party asset manager(s) or through engagement and proxy voting in investee companies. Furthermore, to limit the risk that the above limitations might influence the environmental and/or social characteristics promoted by the Sub-Fund, a control has been set up based on controversies and any sustainability related controversies highlighted are queried by the Manager with the third-party asset manager. This ensures that such limitations don't impact on the ability of the Manager or the third-party asset manager(s) to ensure the environmental and/or social characteristics of the Sub-Fund are met.]

j. **Due diligence:**

The Manager performs a periodic ESG due diligence assessment of the appointed third-party asset manager(s)' proprietary methodology/ies for its allocation of the Sub-Fund, as further described under **"d. Investment strategy"**.

As part of the due diligence process implemented by the Manager in respect of the selection of one or more third-party asset manager(s) appointed, the Manager communicates its ESG approach and requirements to the third-party asset manager(s) appointed as part of the selection process and the ongoing monitoring process, to seek to ensure they align with such approach and requirements and the Manager will engage with them with the specific objective of driving change, particularly with those who score poorly against the Manager's various metrics.

k. **Engagement of policies:**

The Manager will measure and monitor selected PAI indicators for all managed assets of the Sub-Fund on a periodic basis using MSCI ESG Manager or other third-party ESG data rating providers. Consideration of PAIs on sustainability factors will enable engagement by the Manager with third-party asset manager(s) for monitoring purposes.

The Manager has an engagement policy based on quantitative metrics, these are linked to the sustainability indicators as described above. For the portion of sustainable investments in the Sub-Fund, any sustainability related controversies highlighted are queried with the third-party asset manager.

The Manager will also pursue active ownership by seeking to drive change through engagement and proxy voting in investee companies.

- l. **Designated reference benchmark:** No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund. Portfolio construction follows a benchmark agnostic approach which will seek adequate diversification across opportunities and individual securities.

Date: 1 January 2023