

Statement on Principal Adverse Impacts ("PAI") of investment decisions on sustainability factors

InChiaro Life dac (hereinafter also "the Company") **LEI code 635400NEKI3GVELG6678** takes into consideration the main negative effects of its investment decisions on sustainability factors (hereinafter also "PAI"). This document, drawn up in compliance with the provisions of Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation or "SFDR") and Delegated Regulation (EU) 2022/1288 (whose objectives are to minimise *green washing* and promote transparent disclosure on sustainability matters) represents the consolidated statement regarding the main negative effects on sustainability factors of InChiaro Life dac.

This statement on the main adverse effects on sustainability factors covers the reference period from 1st January 2024 to 31st December 2024.

Sustainability factors include environmental, social interests such as employee issues, human rights and the fight against corruption.

As a subsidiary of HDI Assicurazioni S.p.A., InChiaro Life dac is guided by the Group's sustainability strategy and has defined various measures, such as internal analysis based on exclusion criteria, to take into account the main negative effects of investment decisions on sustainability factors. Furthermore, the different levels of ambition of financial products partly influence the main negative effects on sustainability factors.

It should also be noted that the Company reserves the right to periodically review and update the indicators subject to disclosure, also in relation to any developments in the EU Regulation.

Source of Data

InChiaro Life utilises the service of a specialised ESG data provider for the collection of underlying data related to the mandatory PAI indicators listed in Tables 1, 2 and 3 as well as the optional PAI indicators listed in Tables 4 and 5 of this statement. Regarding UCITS (*Undertakings for the Collective Investment in Transferable Securities*) a look-through approach has been applied and as for directly invested issuers, data directly reported by the issuers themselves were employed whenever possible and appropriately supplemented with estimations according to the criteria defined below.

The ESG data provider's research process includes data reported by companies (including sustainability reports and integrated annual reports) and data from specialised data providers, which undergo continuous quality due diligence by the ESG data provider. In the case of government issuers, data is collected directly from the public websites of major supranational institutions and research centres. However, it should be noted that data provided by third-party data providers or communicated by companies may be based on insufficient or poor-quality data series or contain distorted information.

Furthermore, the criteria used by these third-party data providers can vary significantly, and there may be variations in data between different third-party data providers and even within the same sector for the same data provider. Therefore, the ESG data provider relies on data it deems reliable but cannot guarantee the accuracy, availability, or completeness of the data or methodology as it is not clarified by the regulator.

For clarity, both the ESG data provider and consequently InChiaro Life dac depend heavily on data availability, and not all necessary data is always accessible, largely relying on publicly available information. Through the specialised ESG data provider it avails of, the Company possesses robust aggregation methodologies tailored to the type of underlying assets (i.e., aggregation of data related to direct investments - stocks and bonds) and the type of data underlying each PAI indicator (i.e., absolute data, percentage, binary value).

The use of estimations, conducted with the aim of filling data gaps for calculating ESG indicators, is limited to those indicators for which a solid database directly reported by issuers via annual and/or sustainability reports or data supply to specialised providers directly from the issuer was available. The estimation process was conducted by identifying appropriate variables to ensure statistically sound estimations. Furthermore, various calculation models were used to optimise the estimated data, defined based on the nature of the data underlying the calculation of each PAI indicator, such as statistical models or machine learning models. As an illustrative example, a significant population of data directly reported by issuers, historical data series, and the availability of robust predictive variables were observed for data related to PAI indicators 1, 2, and 3 in Table 1.

Actions taken, actions planned and targets set for the next reference period

In line with the EU climate-neutral vision set out by the European Commission in its policies (*European Green Deal* from 2020, *Paris Agreement* from 2016), the universal principles on human rights, labour, environment and anti-corruption of the UN Global Compact, the 17 UN Sustainable Development Goals (SDGs) as well as the framework and guidelines set out by the UN Climate Change conferences (last ones: COP28 Dubai 2023, COP29 Baku, Azerbaijan¹), InChiaro Life dac has committed to reducing the CO2 intensity and GHG emissions, in order to achieve the goal of net zero emissions.

¹ **COP29** brought together nearly 200 countries in Baku, Azerbaijan, and reached a breakthrough agreement that will:

- Triple finance to developing countries, from the previous goal of USD 100 billion annually, to USD 300 billion annually by 2035.
- Secure efforts of all actors to work together to scale up finance to developing countries, from public and private sources, to the amount of USD 1.3 trillion per year by 2035.

UN Climate Change Executive Secretary Simon Stiell highlighted that the new finance goal agreed at the UN Climate Conference in Baku is *an insurance policy for humanity*.

“This deal will keep the clean energy boom growing and protect billions of lives. It will help all countries to share in the huge benefits of bold climate action: more jobs, stronger growth, cheaper and cleaner energy for all. But like any insurance policy – it only works – if the premiums are paid in full, and on time.” He acknowledged that no country got everything they wanted, and that the world leaves Baku with a mountain of work to do. *“So this is no time for victory laps. We need to set our sights and redouble our efforts on the road to Belém.”* <https://unfccc.int/cop29>

Engagement policies

InChiaro Life dac shares the engagement policies of its parent company HDI Assicurazioni S.p.A. in respect of sustainability. This distinctive feature of the identity of the Company is translated into concrete actions aimed at guaranteeing widespread well-being lasting over time and capable of creating shared value. The core commitments regarding sustainability, in addition to the adoption of the ESG Policy, are listed below:

- adoption of a Code of Ethics, as an integral part of an Organisation, Management and Control Model in line with current regulations in force, aimed at preparing suitable control tools and guaranteeing the integrity and good reputation of the Company;
- Stakeholder Engagement activities, whose objective is to initiate a constructive dialogue with those companies that need incentives to follow a virtuous path towards good practices linked to ESG principles.

Environment

Environmental, Social and Governance (ESG) factors have been a growing consideration for businesses, investors and shareholders. Core to discussions of ESG is the belief that business has a key role to play in society and must play a greater role in creating a more equitable and sustainable world.

In relation to environment, biodiversity and ensuring the resilience of natural capital assets and securing the ecosystem for the future, the Company embraces the commitments set out in the Paris Agreement and pays attention to revenues generated by mining companies through coal extraction, investments in companies in the Oil & Gas and Coal & Fossil Fuel and percentage of electricity generated from coal by energy companies or utilities.

The tangible result of this commitment is highlighted in the figures reported in correspondence of PAI Indicator 1 (greenhouse gas “GHG” emissions) and PAI Indicator 2 (carbon footprint) from Table 1 below.

The Company evaluates the alignment of the portfolio with the UN Sustainable Development Goals (→ “The 17 Goals”²) and, in particular, with Goal n. 7 (“affordable and clean energy”), 12 (“responsible consumption and production”) and 13 (“climate action”).

Furthermore, the Company evaluates the products in its portfolio by calculating impact metrics such as, for example, the amount of CO2 emissions.

² *The **2030 Agenda for Sustainable Development**, adopted by all 193 United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the **17 Sustainable Development Goals (SDGs)**, which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.*

<https://sdgs.un.org/goals>

For the **SDG Report** of the year **2024**, see <https://unstats.un.org/sdgs/files/report/2024/SG-SDG-Progress-Report-2024-advanced-unedited-version.pdf>

Social & Governance

The “S” pillar of ESG is wide ranging and covers the impact organisations have on people, including employees, customers, suppliers, and the community in which the organisation operates. It reflects the *how* and *why* we do things the way that we do. It covers a broad range of issues among which: inclusion and diversity, human rights, employment rights and labour relations, social dialogue, equality, health and safety, data security, supply chain management. Compliance with the UN Global Compact and UN PRI (“Principles for Responsible Investment”) is an absolute prerequisite for the Company's commitment and mission. Following the guidelines of the Parent Company, InChiaro Life dac has adopted and maintains a list of issuers in which it excludes investing for reasons attributable to disputes or ethical criteria. Furthermore, the Company has defined systematic thresholds for the exclusion of specific investments, or classes of investments, from the investable universe such as companies, sectors and countries, when involved in certain activities related to social issues and concerning employees, respect for human rights and the fight against active and passive corruption.

With regard to this matter, please refer to PAI Indicator 20 “Average human rights performance” (Table 5), which is intended to capture exposure to investee companies connected to cases and incidents related to human rights issues and principles set out in the Charter of Fundamental Rights of the European Union and the European Convention for the Protection of Human Rights and Fundamental Freedoms and its protocols.

CONCLUSIONS

In accordance with the UN Principles for Responsible Investment (PRI) shared by HDI Assicurazioni S.p.A., InChiaro Life dac greatest objective is to promote and create long-term sustainable investment values for the investor and for the benefit of the environment and society as a whole.

Table 1: Mandatory PAI Indicators applicable to investments in investee companies

Category	PAI Indicator	Metric Details	Value	Coverage, Eligibility
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG Emissions	25,505 Tonnes	Coverage: 46.6% Eligibility: 49.9%
		Scope 2 GHG Emissions	4,675 Tonnes	Coverage: 46.6% Eligibility: 49.9%
		Scope 3 GHG Emissions	319,251 Tonnes	Coverage: 46.6% Eligibility: 49.9%
		Total GHG emissions (Scope 1,2,3)	349,824 Tonnes	Coverage: 46.6% Eligibility: 49.9%
	2. Carbon footprint	Carbon footprint (Scope 1,2,3)	337.9 Tonnes/Million Euro	Coverage: 46.6% Eligibility: 49.9%
	3. GHG intensity of investee companies	GHG intensity of investee companies (Scope 1,2,3)	795.4 Tonnes/Million Euro	Coverage: 46.8% Eligibility: 49.9%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	5.4%	Coverage: 48.4% Eligibility: 49.9%
	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	Consumption: 62.6% Production: 57.3%	Coverage Consumption: 46.7% Coverage Production: 1.6% Eligibility: 49.9 %
	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	0.21 GWh per million EUR	Coverage: 28% Eligibility: 49.9 %
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	2.7%	Coverage: 48.4 % Eligibility: 49.9 %
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.6 Tonnes per million EUR	Coverage: 6.6% Eligibility: 49.9%
Waste	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	0.7 Tonnes per million EUR	Coverage: 26.5% Eligibility: 49.9%
Social and employee matters	10. Violations of UN Global Compact principles and Organisation	Share of investments in investee companies that have been involved in violations of the UNGC	0.8%	Coverage: 48.4% Eligibility: 49.9%

	<i>for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</i>	<i>principles or OECD Guidelines for Multinational Enterprises</i>		
	11. <i>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</i>	<i>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</i>	5.1%	Coverage: 48.4% Eligibility: 49.9%
	12. <i>Unadjusted gender pay gap</i>	<i>Average unadjusted gender pay gap of investee companies</i>	14.8%	Coverage: 16.3% Eligibility: 49.9%
	13. <i>Board gender diversity</i>	<i>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</i>	36%	Coverage: 46.6% Eligibility: 49.9%
	14. <i>Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</i>	<i>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</i>	0.5%	Coverage: 48.4 % Eligibility: 49.9%

Table 2: Mandatory PAI Indicators applicable to investments in sovereign and supranationals

Category	PAI Indicator	Metric Details	Value	Coverage, Eligibility
<i>Environmental</i>	15. <i>GHG Intensity</i>	<i>GHG intensity of investee countries</i>	65.5 Tonnes per Million Euro	Coverage: 33.9% Eligibility: 34.2%
<i>Social</i>	16. <i>Investee countries subject to social violations</i>	<i>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</i>	Absolute: 24.0 Relative: 12.2%	Coverage: 33.9% Eligibility: 34.2%

Table 3: Mandatory PAI Indicators applicable to investments in real estate assets

Category	PAI Indicator	Metric Details	Value	Coverage, Eligibility
Environmental	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	N/A
Environmental	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A

Table 4: Additional PAI Indicators applicable to investments in investee companies

Category	PAI Indicator	Metric Details	Value	Coverage, Eligibility
Environmental	4. Investment in companies without carbon emission initiatives Value	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	19.9%	Coverage: 46.2 % Eligibility: 49.9%
Social	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0.5%	Coverage: 48.4% Eligibility: 49.9%

Table 5: Additional PAI Indicators applicable to investments in sovereign and supranationals

Category	PAI Indicator	Metric Details	Value	Coverage, Eligibility
Social	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	4.3	Coverage: 33.9% Eligibility: 34.2%

Analysis on PAI indicators 2024³

Overall, all percentage-based indicators show absolute changes within a $\pm 5\%$ range, spanning from -4.31% (5.09% in 2024 Vs 9.40% in 2023) for lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises to 1.14% (35.96% in 2024 Vs 34.82% in 2023) for board gender diversity. All non-percentage indicators fall within a $\pm 10\%$ variation, except for Scope 1 Emissions, Scope 3 Emissions, Scope 1+2 Emissions & Scope 1+2+3 Emissions, Energy Intensity per High Climate Sector, Emissions to Water, Hazardous Waste and Radioactive Waste as well as GHG Country Carbon Intensity.

A more detailed analysis is provided in the table below:

PAI No.	PAI Indicator	PAI Change (2024 Vs 2023)	Key Drivers
PAI #1	GHG Emissions – Scope 1	Increased by 14% (from 22,463 tonnes in 2023 to 25,505 tonnes in 2024); absolute difference: 3,042 tonnes	The increase in scope 1 emissions is primarily driven by the increase in AUM from 937 million EUR in 2023 to 1,033 million EUR in 2024 by 10%.
PAI #1	GHG Emissions – Scope 3	Increased by 17% (from 272,679 tonnes in 2023 to 319,215 tonnes in 2024); absolute difference: 46,572 tonnes	The increase in AUM from 937 million EUR in 2023 to 1,033 million EUR in 2024 by 10% is one of the key contributors for the increase in scope 3 emissions.
PAI #1	GHG Emissions – Scope 1+2	Increased by 11% (from 27,098 tonnes in 2023 to 30,199 tonnes in 2024); absolute difference: 3,101 tonnes	The increase in scope 1+2 emissions is mainly due to the rise in scope 1 emissions, and the related growth of AUM by 10%.
PAI #1	GHG Emissions – Scope 1+2+3	Increased by 17% (from 299,776 tonnes in 2023 to 349,824 tonnes in 2024); absolute difference: 50,048 tonnes	The scope 1 increase, scope 3 increase, and the AUM growth by 10% primarily lead to the increase in Scope 1+2+3 emissions.
PAI #6	Energy Intensity per High Climate Sector (e.g. aggregate Value, the sum of energy intensity values across all high climate sectors)	Increased by 15% (from 0.18 GWh per million EUR in 2023 to 0.21 GWh per million EUR in 2024); absolute difference: 0.03 GWh per million EUR	The majority of the increase in energy intensity per high climate sector is explained by the rising energy intensity per NACE B and per NACE C. The rise in energy per NACE B is largely attributed to ETF-XTR MSCI WORLD ENERGY UCITS (IE00BM67HM91), while the significant portion of the increase in energy intensity per NACE C is primarily due to ETF-SPDR RUSSELL 2000 US S C (IE00BJ38QD84).

³ Commentary and analysis provided by **MainStreet Partners**, 51 Holland Street - London W8 7JB, FCA Reference Number 548059, website: mspartners.org; esgeverything.com.

PAI #8	Emissions to Water	Decreased by 85% (from 10.33 tonnes per million EUR in 2023 to 1.55 tonnes per million EUR in 2024); absolute difference: -8.78 tonnes per million EUR	The decrease in emissions to water mainly stems from the disinvestment from ETF-HSBC EMERGING MARKET SUS EQ (IE00BKY59G90), which had the underlying holdings with relatively high emissions to water (e.g. Taiwan Semiconductor Manufacturing Co., Ltd).
PAI #9	Hazardous Waste and Radioactive Waste	Decreased by 47% (from 1.32 tonnes per million EUR in 2023 to 0.70 tonnes per million EUR in 2024); absolute difference: -0.62 tonnes per million EUR	The reduction in hazardous waste is primarily explained by the divestment from ETF-AMUNDI MSCI WORLD SRI PAB DR UCITS (LU1861134382), which had the underlying holdings with relatively high hazardous waste (e.g. Agnico Eagle Mines Limited).
PAI #15	GHG intensity	Decreased by 13% (from 75.73 tonnes per million EUR in 2023 to 65.52 tonnes per million EUR in 2024); absolute difference: -10.21 tonnes per million EUR	The majority of the decrease in ghg intensity is driven by the disinvestments in ETF-ISHARES \$ TREASURY 1-3YR UCITS DIST (IE00B14X4S71) and ETF-ISHARES \$ TSY 7-10YR UCITS \$ DIST (IE00B1FZS798).