



**Generali Asset Management S.p.A.  
Società di Gestione del Risparmio**

**SUSTAINABILITY POLICY**

**ANNEX II: CONTROVERSIAL WEAPONS &  
CONTROVERSIES EXCLUSION**

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## 1 Glossary and Definitions

Term	Definition
<b>CEO</b>	Chief Executive Officer
<b>CIS</b>	Collective Investment Schemes
<b>GENAM</b>	Generali Asset Management S.p.A. Società di Gestione del Risparmio

## 2 Roles and Responsibilities

Role	Responsibilities
<b>ESG FUNCTION</b>	<ul style="list-style-type: none"> <li>▪ Defines the list of issuers excluded on the base of the involvement in specific business activities/controversies;</li> <li>▪ periodically updates the above-mentioned list, at least once a year or where necessary, on the basis of the applicable regulatory requirements;</li> <li>▪ can analyze particularly controversial cases and conclude that they disagree with external ratings;</li> <li>▪ promptly brings to the attention of the Investment Function and integrated into GenAM's investment tools the performed assessment.</li> </ul>
<b>INVESTMENT FUNCTION</b>	Ensures the first level of control in monitoring the exposure towards issuers included in the Restricted lists (both GenAM and Client's own Exclusion lists)
<b>RISK MANAGEMENT</b>	As second level of control, monitors the respect of the relevant limits

### 3 Scope of application of the Policy

The GenAM Exclusion Policy applies to direct investment transactions concerning listed equity and debt instruments issued by the entities meeting the exclusion criteria, performed by GenAM in the provision of both the individual portfolio management service as well as the collective asset management of the Collective Investment Schemes (CIS).

In terms of asset classes, bank deposits (i.e., time and cash deposits) and derivatives transactions are excluded from the scope of application of this Policy.

In the context of the individual portfolio management service and collective asset management under a delegation agreement, GenAM implements the exclusions unless otherwise requested by the clients. In the case of portfolios where exclusion requirements are set directly by the client or delegating management company (rather than GenAM), the custom policy must carry more stringent restrictions. Conversely, in the case where clients' exclusion policies are less restrictive than GenAM's one, GenAM reserves itself the right of assessing and eventually declining on a case-by-case basis.

#### **APPROVAL AND REVIEW**

GenAM Board of Directors has approved this Policy upon proposal of the CEO, who is also in charge for ensuring the implementation of the Policy.

The list of issuers excluded is defined by ESG Function on the base of the involvement in specific business activities/controversies. The list is updated periodically, at least once a year or where necessary on the basis of the applicable regulatory requirements.

Internally, the Board of Directors is informed annually, by ESG Function, of the implementation of the Policy to assess and review the underlying methodology and the outcomes.

Periodically GenAM reviews the present policy, and it publishes on its website any updated version in case changes occurred.

## 4 Controversial Weapons

Since July 2022, GenAM does not invest in companies that develop or produce cluster bombs, antipersonnel landmines, nuclear weapons (according to Treaty on the Non-Proliferation of Nuclear Weapons), depleted uranium or biological and chemical weapons, or key components/services of such weapons. In addition, GenAM does not invest in companies that offer supplemental services for nuclear weapons, such as nuclear weapon repair and maintenance, stockpiling and stewardship, research and development (R&D), testing, and simulations, among other things.

In addition, the Italian Law n. 220/2021 has introduced a total ban on “financing of companies in any established legal form, having their headquarters in Italy or abroad, which, directly or through subsidiary or associated companies, pursuant to article 2359 of the civil code, carry out construction, production, development, assembly activities, repair, preservation, use, storage, possession, promotion, sale, distribution, import, export, transfer or transport of antipersonnel mines, ammunition and cluster submunitions, of any nature or composition, or parts thereof. It is also forbidden to carry out technological research, manufacture, sale and transfer, for any reason, export, import and possession of ammunition and cluster submunitions, of any nature or composition, or parts thereof”. In compliance with L. 220/2021,

GenAM periodically, and at least once a year, consults ESG data providers and relevant publicly available lists in order to identify, to the greatest extent possible on the best effort basis, the companies that fall under the scope of L. 220/2021. No new purchase is allowed regarding companies that fall under the scope of the Law. In case these companies are already in GenAM portfolios, opportunistic sales will be performed. Opt-out option is not allowed to client for this specific exclusion.

## 5 ESG Controversies Exclusions

GenAM avoids investing in companies responsible of ethical violations (e.g., breach of the principles of UN Global Compact), namely:

- companies involved in systematic human rights and/or labor rights violations;
- companies involved in severe environmental damages;
- companies implicated in cases of corruption and bribery.

Based on external ESG data providers, issuers are excluded in case of low Controversies Scores. However, the ESG Function can analyze particularly controversial cases and conclude that they disagree with external ratings by deciding to:

- admit an issuer excluded on the basis of the Score, or in the opposite case to exclude it; or,
- initiate an engagement activity with the issuer in order to collect more information, it being understood that investments on this issuer remain suspended until the outcome of this activity.

The assessments of the ESG Function are promptly brought to the attention of the Investment Function and integrated into GenAM's investment tools.

## 6 Sovereign Exclusions

GenAM avoids investing in Sovereign issuers in accordance with the following criteria:

- The Financial Action Task Force (FATF) blacklist and EU non-cooperative jurisdictions for tax purposes
- Social: the bottom 5% of Freedom House list
- Governance: the bottom 5% of Corruption Perception Index calculated by Transparency International



## 7 Process Governance

The list of restricted issuers is defined by the ESG Function according to the above-indicated Coal and Unconventional Oil & Gas Sector exclusion criteria.

ESG data providers enable to identify the issuers not compliant with the screening criteria. GenAM identifies MSCI as the reference data provider. For issuers or sub-set of information not completely covered by MSCI, data can be complemented by other publicly available ESG data sources and/or investee companies' public disclosure or information shared through the engagement relationship.

On an annual basis, the ESG Function sends the list of restricted issuers to the Investment Function for screening and immediate application purposes, as well as to the Risk Management function for monitoring purposes. The list is applied to all managed relevant portfolios as regard the financial instruments falling under the scope of application of this Policy.

The list is then integrated into GenAM's investment tools used by portfolio managers in order to be flagged by blocking alerts.

For those companies identified as restricted the following actions apply:

- No new investments are allowed; the list of restricted issuers is integrated in GenAM's investment management system that prevents the possibility for the portfolio managers to insert orders on any such issuers;
- For existing exposure: the relevant portfolio manager can decide, in the best interest of the managed portfolio and depending on the type of financial instruments concerned, to:
  - hold to maturity
  - sale within 3 months
  - perform opportunistic sales, depending on the individual case and considering potential constraints (e.g., balance sheet constraints, potential P&L impact for Group and Policyholders, market liquidity conditions, Asset and Liability Management constraints, Risk Management limits).