Abstract of the Responsible Investment Policies

CONTENTS

1. GLOSSARY AND DEFINITIONS

Acronym/Term	Description/Definition
Financial Advice	Investment advice defined by article 1, paragraph 5(f), of Legislative Decree No. 58/1998 (TUF) and advice on insurance-based investment products (IBIP) as per Regulation (EU) No. 1286/2014
Sustainability Factors	Environmental, social and employee matters concerning respect for human rights, the governance system, anti-corruption, and anti-bribery matters
Portfolio Management	The activity defined by article 1, paragraph 5(d), of TUF
Sustainability Risks	Risks related to environmental, social or governance (ESG) factors that, if they occur, could cause an actual or a potential material negative impact on the value of the investment
Responsible Investment Strategies	**A.** Exclusions is an approach that systematically excludes specific investments or classes of investment from the investible universe such as companies, sectors, or countries that are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, pollution; **B.** Norms-based Screening is the screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies such as the United Nations (UN); **C.** Best-in-class is an approach where investments in a portfolio are chosen according to the active selection of leading or best-performing investments within a universe that meet a defined ESG hurdle. A best-in-class ESG portfolio typically consists of companies that meet both certain ESG factors and financial analysis criteria. Relevant ESG criteria can be generally related to a company's expected impact on the environment and society or can be more focused on the economic effects of ESG factors; **D.** Engagement & Voting refers to active ownership through voting of shares and the direct engagement with companies on ESG matters. This is a long-term process, seeking to influence behaviour or increase disclosure; **E.** ESG Integration is the explicit inclusion by asset managers of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This type of strategy covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments; **F.** Impact Investing is the making of investments into companies, organisations and funds with the intention to generate social and environmental impact alongside a financial return; **G.** Sustainability-themed refers to investment in themes or assets linked to the development of sustainability. Sustainability-themed investments inherently contribute to addressing social and/or environmental challenges such as climate change, eco-efficiency and health. Funds are required to have an ESG analysis or to screen investments in order to be counted in this approach.
Financial Services	They refer to the portfolio management and investment advice activities.

2. INTRODUCTION

Banca Generali (hereinafter “the **Bank**”) is strategically committed to pursuing the Sustainable Development Goals identified by the 2030 Agenda adopted in 2015 by the United Nations (the “**UN SDGs**”), including for the purpose of generating long-term value for the benefit of all its stakeholders, by being an active member of the communities in which it operates in a way that extends beyond its day-to-day activities.

In managing its proprietary portfolio, as in providing portfolio management and investment advice services to its clients, the Bank is committed to pursuing responsible conduct in accordance with the above-mentioned sustainability principles.

In May 2018, the European Union launched a thorough process of transformation of the financial market, enhancing its role in building a sustainable Europe, as also stated in the EU Green Deal and the Action Plan on Financing Sustainable Growth. Within this framework, the ongoing systemic change is being guided by Regulation (EU) No. 2088/2019 (the "**Regulation**"), the goal of which is, in short, to improve and harmonise, at the European level, disclosures to end investors from financial market participants and financial advisors regarding their approach to the integration of sustainability risks and the consideration of adverse sustainability impacts in the respective decision-making processes regarding investments and advisory processes.

a. To strengthen its responsible and sustainable investment practices, Banca Generali places sustainability factors at the heart of its investment process, in addition to financial performance; furthermore, it draws inspiration from the *Principles for Responsible Investment (PRI)* and the *Principles for Responsible Banking (PRB)* as a reflection of the Bank's core values: *deliver on the promise*, i.e., building long-term relationships based on trust, while also improving community welfare;

b. *live the community*, i.e., building a solid community founded on the values of the Banca Generali Group and social responsibility;

c. *value our people*, i.e., promoting diversity and professional growth, creating a transparent, cooperative environment accessible to all;

d. *be open*, i.e., being guided by curiosity, pro-activeness and dynamism in all business decisions.

The Responsible Investment Policies (hereinafter the “**Policies**”) are in line with the principles established by Banca Generali with its “*Charter of Sustainability Commitment*”, the Internal Code of Conduct and the Sustainability Policy, which, in accordance with its goal of fostering sustainable development of business activity and generating long-term value, aims to set the rules for:

- identifying and prioritising ESG factors (as defined in the above-mentioned Sustainability Policy) relevant to the business activities;
- identifying, assessing, and managing the risks and opportunities associated with relevant ESG factors, as well as monitoring and reporting the risks and opportunities associated with relevant ESG factors.

In line with the Sustainability Policy, the **Policies** define Banca Generali's approach to integrating sustainability risks and considering the adverse sustainability impacts with regard to the provision of financial services and the management of the Bank's proprietary portfolio.

To this end, the Bank is further developing its procedures and methods to complement the analysis conducted according to merely financial criteria with one focused on sustainability risks and on the adverse impacts of investments on sustainability factors by using financial and non-financial indicators. This enables a more thorough assessment of the investees.

Pending the finalisation of European legislation on sustainable finance, the main adaptation measures that the Bank is developing include:

a. the integration of sustainability risks and sustainability factors into the investment decision-making process and in the investment advice process with the aim of monitoring and managing any adverse impacts on the value of investments arising from conditions of environmental, social and governance nature, while also considering the negative externalities of investments on sustainability factors;

b. the provision of investment products aimed at generating a positive impact for the society and the environment by contributing to achieving the objectives of the UN Sustainable Development Goals;

c. public engagement, disclosure, and promotion of transparency on sustainable finance to all key stakeholders (i.e., clients, institutions, national and international associations, financial markets, and analysts).

3. OBJECTIVES AND SCOPE

Banca Generali believes that the integration of sustainability risks and the consideration of adverse impacts on sustainability factors into its investment decision-making processes (regardless of the asset class concerned in each case), into its advice processes and into the management of its proprietary portfolio may contribute to achieving greater social wellbeing in addition to the expected financial returns.

The **Policies** apply to:

a. Portfolio management services;

b. Financial advice services;

c. Proprietary portfolio management.

The Bank is committed to ensure the application of the **Policies** in accordance with the ESG data and non-financial information available on the market.

The **Polices** do not apply to trading and order collection services not preceded by financial advice (i.e., trading of orders in execution-only mode). Products whose intrinsic characteristics may require a complex ex-ante assessment of the ESG profile of the underlying assets (such as, for example, securitisations, certificates, Exchange Traded Products) are excluded from the scope of application. For these products, the Bank will consider, where possible, the use of other types of ESG assessment.

Regarding the management of the Bank's proprietary portfolio, the **Policies** apply to all investments in equities and bonds; for indirect investments, such as investment funds, SICAVs and securitisations, reference should be made to point 4.2 below. The **Policies** do not apply with regard to trading counterparties, including derivatives and all money-market instruments.

The **Policies** are compliant with the principles declared by the Generali Group and are in line with the external commitments assumed at the Group level by adhering to international initiatives such as the Global Compact and the United Nations PRI.

The Banking Group's subsidiaries adopt a responsible investment policy consistent with Banca Generali's **Policies**, each adapting it to the specific nature of its business.

4. IMPLEMENTING MEASURES

4.1 COMMON MEASURES FOR THE FINANCIAL SERVICES AND THE PROPRIETARY PORTFOLIO

4.1.1. Integration of sustainability risks

The Bank believes that integrating sustainability risks is necessary for an increasingly better understanding of the context in which it operates, a more informed assumption of risk and, ultimately, a greater ability to respond to market needs.

The approach to the integration of sustainability risks is instrumental to identifying and managing those risks related to environmental, social and governance factors that could have a significant adverse impact on the value of the investment. This impact varies according to the capacity of the investee to manage aspects such as waste and pollution, climate change, respect for human rights, workplace conditions and occupational health and safety, data protection, anti-bribery, and anti-corruption.

Consistent with the evolving regulatory framework, the Bank is developing processes to integrate sustainability risks when taking investment decisions.

The risk indicators may be quantitative or qualitative in nature and they measure the risks that could result from the relevant sustainability factors, including:

- *Sustainability risks specific to the counterpart*: these refer to the risk of an adverse impact on the value of investment deriving, for example, from reputational damage or sanctions against the issuer due to violations of the law. Other examples include physical and transition risks caused by climate change;

- *Systemic sustainability risks*: these refer to the risks of adverse impacts on the value of investments deriving, for example, from extreme catastrophic events (e.g., pandemics, floods) with impacts on the financial stability and the real economy.

In addition to the foregoing, for the purposes of this paragraph, the Bank considers that the potential adverse effects on the value of investment deriving from sanctions against its counterparties for violations as per letters a) and c) of paragraph 4.1.2 below may also be relevant for the purposes of integrating sustainability risks into investment decisions.

4.1.2. Consideration of the adverse impacts on sustainability factors

Banca Generali is developing processes to complement traditional analyses with consideration of the adverse impacts of the investment decisions on sustainability factors, also aimed at assessing and managing the risks to which the Bank may be exposed because of such activities (e.g., reputational risk).

To this end, pending the adoption of a detailed legislative framework and a standard market practice for mapping, classifying, and prioritising the main adverse impacts of investments on sustainability factors, the Bank has launched a due diligence process of its investees to assess their potential principal adverse impacts on the sustainability factors.

The Bank is excluding (cf. *Restricted List*) from its investible universe companies that operate in controversial sectors or are involved in controversial behaviour:

a. companies that violate the Treaty on the Non-Proliferation of Nuclear Weapons;

b. companies directly involved in the cluster munitions, anti-personnel mine and/or biological/chemical weapons market;

c. companies involved in one or more of the following controversies pursuant to the United Nations Global Compact (UNGC): serious or systematic violations of human rights; serious or systematic violations of labour rights; serious environmental damages; serious episodes of corruption;

d. mining and utilities companies that derive a significant share of their turnover or electricity generation from coal. This exclusion depends on the share of revenue a company derives from such activities;

e. companies involved in activities deemed controversial, such as the production of conventional weapons, tobacco, gambling, and adult entertainment. This exclusion depends on the share of revenue that a company derives from such activities.

To optimise sustainability risk management, the Bank may include other sectors that, in its opinion, could have a strong impact on sustainability factors, as well as modify the relevant exclusion lists, making exceptions to the companies included in the Restricted List, where justified by the circumstances.

In addition, the Bank may consider excluding investments in companies involved in controversies that reveal poor ESG practices with potential negative impacts on sustainability factors, therefore the Bank may add to the Watch List companies:

1. directly involved in the nuclear weapons market;

2. indirectly involved in the cluster munitions, anti-personnel mine and/or biological/chemical weapons market;

3. involved in one or more of the following controversies: human rights violations; labour conditions violations; environmental damages; and corruption.

Investment Strategies

Banca Generali is committed to promote a progressive, just, and inclusive transition to a low-carbon economy that integrates the social dimension into the climate strategy to minimise the impact on the affected workers and their communities by adopting protective measures. Banca Generali is also committed to analyse and manage the risks and opportunities associated with climate change and to provide customers with the related information.

Accordingly, Banca General is aligning internal processes to:

a. monitoring the exposure of the portfolio to high-carbon companies;

b. integrating investment strategies designed to manage and reduce the portfolio's carbon emissions;

c. integrating investment strategies designed to promote green/sustainable investments.

4.2 SPECIFIC MEASURES FOR THE PROPRIETARY PORTFOLIO

The Bank believes that a sustainable country is a country that, among other aspects, provides adequate essential services and ensures international peace and security. Accordingly, the investment strategies for the proprietary portfolio exclude governmental issuers that are subject to UN sanctions in accordance with the Charter of the United Nations. The sanctions are imposed by the Security Council, generally against regimes, and are focused on supporting political settlement of conflicts, nuclear non-proliferation, and counterterrorism.

For indirect investments in complex products, the actions described in paragraph 4.1 are implemented by assessing the manager's Responsible Investment Policy and, where appropriate, through due-diligence processes for verifying that the underlying portfolio does not include issuers excluded by the Bank.

Where the management of a part of the portfolio is delegated to a third company, the manager, operating under the agreed management mandate, is required to adopt investment practices consistent with the aims described in the Bank's Responsible Investment Policies.

4.3 SPECIFIC MEASURES FOR THE FINANCIAL SERVICES

4.3.1 Financial services pursuant to Articles 8 and 9 of Regulation No. 2088/2019

For financial serviced offered to clients that promote, among other aspects, environmental or social characteristics (pursuant to Article 8 of Regulation No. 2088/2019), or that have sustainable investments as their objective (pursuant to Article 9 of Regulation No. 2088/2019), the investment strategy may be supplemented with additional measures:

(1) Portfolio management service (best-in-class and/or impact investing):

The selection of financial instruments is based on economic and financial aspects integrated with social, environmental, and sound governance criteria, aligned with the most authoritative and recognised frameworks on ESG reporting and rating and aligned with the UN Sustainable Development Goals. In particular, the method involves an overall assessment of the ESG performances of financial instruments, verifying the institutional commitment, as well as the investment strategy and analysis of the underlying portfolio (where applicable). The result is a sustainability rating, also weighted with respect to the sector of reference. Only financial products with a high rating (score above 3 on a scale of 1 to 5, where 1 is the lowest degree of integration with ESG factors and 5 the highest, or a score that similarly falls into the higher end of the range with a possible different scoring scale) are selected. Associated with this methodology is the identification of the relevant ESG controversies, which allows the identification of the reason for the violation, the causes that gave rise to it and the measures taken to prevent it happening again.

(2) Investment advice

Banca Generali refers to the sustainability information provided by the manufacturer, asset manager or issuer of the financial product, considering, where appropriate, complementing their methods for assessing, measuring, and monitoring investments' ESG characteristics with an autonomous method.

4.3.2. Integration of sustainability into stewardship and shareholder engagement practices

As an active manager, the Bank has availed itself of the option afforded by Article 124-*quinquies*, paragraph 3 of the Consolidated Finance Act (TUF) and does not exercise voting rights relating to financial instruments deposited with the Bank within the framework of portfolio management services, without prejudice to the clients' ability to authorise the Bank to represent themselves for the exercise of voting rights relating to the financial instruments under management by proxy to be issued in writing and for individual duly convened shareholders' meetings, in accordance with the limits and methods established by applicable legislation. In such cases, in exercising these rights the Bank considers sustainability factors by adhering to the principles and criteria laid down in this document.

5. APPENDIX A): THE PRINCIPLES OF THE UN GLOBAL COMPACT

The Ten Principles of the United Nations Global Compact (UN GC) are derived from:
- the Universal Declaration of Human Rights;
- the International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- the Rio Declaration on Environment and Development;
- the United Nations Convention Against Corruption.

The investment decisions take into account UN GC guidelines to identify best practices in terms of responsible business behaviour in the following four areas:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.