GENERALI

Generali Asset Management S.p.A.
Società di gestione del risparmio

SUSTAINABILITY POLICY

Versioning

Version	Date of issuance	Reason for and Extent of Changes
3 (202608)	2026-08-03	The Policy has been updated in order to: • Reflect sustainability governance updates and better define information flows across relevant bodies; • Detail the updated exclusion framework, which provides also for additional exclusion to portfolios classified as art 8 or 9 SFDR; • Enhance disclosure of the integration processes related to indirect liquid assets.
2 (202507)	2025-07-01	The Policy has been updated in order to: • Remove the annexes to streamline the document; • Addition of a foreword to provide context and introduce the document's purpose; • Include a dedicated chapter on Sustainability Impact; • Revise and enhance the integration processes and the methodologies developed.
1 (202401)	2024-01-01	First version of the regulation following the 2024 reorganization project.

Annexes

No Annex.

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1 Glossary and Definitions

Acronym/ Term	Explanation/ Definition
ACCOUNTABLE FUNCTION	The Function responsible for managing the implementation and the updating of this Policy as indicated in the “Document Summary” at page 2.
FUNCTION	Single function, department or business unit within the Company, regardless of the hierarchy
GHO	Group Head Office – Assicurazioni Generali S.p.A., the Parent Company of the Group including its branches
BOD	Board of Directors of Generali Asset Management S.p.A. SGR
CEO	Chief Executive Officer of Generali Asset Management S.p.A. SGR
GenAM or COMPANY	Generali Asset Management S.p.A. SGR
ACS	Asset Class Specialist
CIS	Collective Investment Schemes
CLIENTS	Individual portfolios and investment advice services Clients
CONTROL FUNCTION	Internal Audit, Compliance, Risk Management and Anti-Financial Crime Functions
COUNTERPARTY	The other party or entity with whom a financial transaction is conducted.
ENVIRONMENTAL OBJECTIVES	(a) climate change mitigation; (b) climate change adaptation; (c) the sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; (f) the protection and restoration of biodiversity and ecosystems
ESAS	European Supervisory Authorities
ESG FACTORS	Environmental, Social and Governance factors should be understood as a specification of Sustainability Factors (as defined below) and are selected to assess issuers’ behaviour in relation to the environment (e.g. carbon emissions, waste generated), social (e.g. relationships with employees, suppliers, customers, and the communities where they operate) and corporate governance (e.g. remuneration practices, audits and shareholder rights) matters.
GENAM OR COMPANY	Generali Asset Management S.p.A. Società di Gestione del Risparmio
GOOD GOVERNANCE PRACTICE ASSESSMENT	A sustainable investment (as defined in Article 2, point (17) of the EU Sustainable Finance Disclosure Regulation (SFDR)) and a financial product promotes, among other characteristics, environmental or social characteristics (as defined in Article 8, point 1 of the EU SFDR), requires that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. In particular, for GenAM, governance factors are intended as decision-making practices,

	rules and procedures relating to the distribution of rights and responsibilities among different participants in corporations, including the board of directors, managers, shareholders and stakeholders.
GREENWASHING	Greenwashing refers to practices where sustainability-related statements, actions, or communications fail to clearly and fairly reflect the underlying sustainability profile of an entity, financial product, or service.
INVESTMENT MEMORANDUM	Document prepared by a business or financial institution to provide potential investors with detailed information about a specific investment opportunity.
KPI	Key Performance Indicators
LIQUID ASSET	Refers to a category of financial assets that can be quickly and easily bought or sold in the market without significantly affecting their price. The Liquid Assets are sub-categorized into: **Direct Liquid Asset** – e.g. Listed Equity, Listed Corporate Bond, Listed Government Bond. **Indirect Liquid Asset** – e.g. ETFs and CIS (excluding those investing in private asset).
PRIVATE ASSET	Private Asset (or "illiquid") refers to a category of financial assets that can't be easily traded on the market or converted into cash without a significant loss in value. The Private Assets are sub-categorized into: **Direct Private Asset** - e.g. Private Debt, Private Equity; **Indirect Private Asset** - e.g. CIS investing in Private Debt, Private Equity and other illiquid asset classes.
SBT	Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.[1]
SFDR	Sustainable Finance Disclosure Regulation – Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
SUSTAINABILITY DUE DILIGENCE	Process conducted to assess and evaluate the environmental, social, and governance (ESG) risks and opportunities associated with a particular business, investment, or project. The goal is to identify and understand the potential sustainability-related impacts and considerations that may affect the long-term viability and performance of the subject of the due diligence.
SUSTAINABILITY DUE DILIGENCE QUESTIONNAIRE	Dedicated questions submitted during the investment decision-making process within the Due Diligence package.
SUSTAINABILITY FACTORS	Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
SUSTAINABILITY IMPACTS	Refers to the effects—both positive and negative—that an investment decision or financial product has on environmental, social, and governance (ESG) factors. These impacts may include, but are not limited to, contributions to climate change mitigation or adaptation, biodiversity preservation, social inclusion, labour rights and human rights.
SUSTAINABLE INVESTMENT	In accordance with the EU Sustainable Finance Disclosure Regulation (SFDR), "Sustainable Investment", as defined in Article 2, point (17),

[1] https://sciencebasedtargets.org/how-it-works

	means an investment in an economic activity that contributes to (i) an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or (ii) an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or (iii) an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
SUSTAINABILITY OPINION	For Private Asset Funds, it is produced by the ESG. It contributes to the final investment decision for both direct and indirect investments that require a Sustainability Opinion (i.e. for all managed portfolios classified as article 8, ~~8+~~ or 9 SFDR). It is compiled with all the information and documentation provided during the completion of the Sustainability Due Diligence Questionnaire together with any dedicated meetings with the Counterparty or underlying fund.
SUSTAINABILITY RISK (ESG RISK)	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

2 Introduction

2.1 OBJECTIVES

The objective of the Sustainability Policy is to provide clear disclosure on GenAM's approach to sustainability and the integration of ESG factors throughout the entire investment and advisory process, according to a holistic approach that aims to consider sustainability risks, opportunities and impacts on sustainability factors.

In particular, the Policy seeks to provide a comprehensive overview of how ESG risks are assessed and integrated into decision-making processes (in accordance with Article 3 of the Sustainable Finance Disclosure Regulation “SFDR”) and of the sustainability strategies adopted by GenAM aimed at mitigating risks and managing impacts on sustainability factors, as well as the methodologies used for developing products with enhanced ESG appetite, e.g. classified under article 8 or 9 SFDR, in line with GenAM’s sustainability commitments and objectives.

2.2 APPROVAL AND REVIEW

The document was approved by the Board of Directors of the Company.

It shall be promptly reviewed, at least on an annual basis, to include developments in legislation, market and/or best practices, Group and Company strategy and organization. The content of this regulation shall be updated accordingly by the Accountable Function if deemed necessary, and in any case at least every 3 years.

2.3 EFFECTIVE DATE

The Effective Date of the document is August 3rd, 2026.

2.4 SCOPE OF APPLICATION

The document applies to:

- Generali Asset Management S.p.A. Società di gestione del risparmio, including its branches.

2.5 IMPLEMENTATION, MONITORING AND INFORMATION FLOWS

The GenAM Accountable Function and the Senior Management are responsible for managing the implementation of this Policy within the perimeter of their respective responsibility. Any relevant organizational unit within the Company shall promptly inform the Accountable Function of any facts and/or circumstances connected with this Policy which may be relevant for the performance of their duties.

On a yearly basis, the Accountable Function is responsible for guaranteeing a due information flow on the implementation status to the GIH Accountable Function, the GenAM CEO and the GenAM BoD and whether the contents of this Policy have been implemented.

The GIH and GenAM Accountable Functions liaise for support and collaboration on matters related to this Policy.

3 Roles and Responsibilities

Role	Responsibilities
CEO	- Presents ESG strategic priorities. - ensures that the sustainability policy is aligned with the company's business objectives and regulatory obligations. - validates the exclusion list applicable under the exclusion framework.
ESG FUNCTION	- Manages the implementation and updating of the Policy. - Guarantees, on a yearly basis, the due information flow on the implementation status to the GIH Accountable Function, the CEO and the BoD. - Liaises with the GIH Accountable Function for support and collaboration on matters related to the Policy. - Supports the definition of the sustainability risk assessment framework. - Manages ESG data and KPIs, including ratings sourced from external providers, climate-related metrics and relevant parameters. - Supports the Investment and Research Functions in assessing and understanding ESG methodologies, results and outlooks. - Performs ESG sector and thematic analyses to identify sustainability risks. - Interacts, where needed, with issuers and/or ESG data providers to obtain additional information. - Carries out internal assessments to better assess specific cases and/or verify the accuracy of data used for exclusion purposes. - Applies norm-based exclusion screening for liquid indirect assets. - Verifies, for Article 8 and Article 9 SFDR portfolios, that target funds implement the relevant exclusion criteria through the ESG due diligence process. - Performs the Sustainability Due Diligence process for Private Assets funds classified as Article 8 or 9 SFDR. - Produces and formalizes the Sustainability Opinion, based on information and documentation collected during the due diligence process. - Conducts the annual review of Sustainability Opinion evidence. - Establishes the Carbon Outlook framework for qualitative assessments of individual issuers upon request.
INVESTMENT FUNCTION	- Supports the integration of sustainability risks and sustainability opportunities into the investment decision-making process and investment advice, based on the findings made available by the ESG Function. - Receives the outcome of the ESG due diligence process as a key input in the investment decision-making process. - Ensures alignment with ESG criteria, including screening and selection of investments. - Avoids non-compliant issuers through the main investment tool, Simcorp Dimension. - Integrates ESG factors into financial analysis. - Performs first-line monitoring of exposure to issuers subject to ESG-related restrictions through the main investment tool. - May request internal reports to fulfil its oversight role on investments. - Carries out sustainability risks mitigation activity for managed Private Assets funds classified as Article 6 SFDR, applying, where necessary, the negative/exclusionary criteria agreed with the client.
RESEARCH FUNCTION	- Receives ESG Function findings supporting the integration of sustainability risks and sustainability opportunities into the investment decision-making process and investment advice. - May interact directly with issuers and/or ESG data providers where available data are not deemed sufficient to correctly identify sustainability risks. - May provide inputs to the Active Ownership structure to evaluate engagement actions aimed at mitigating ESG risks associated with specific issuers.

	- Receives inputs from the Carbon Ranking model to highlight prospective climate impacts which can translate into financial pressure and, ultimately, credit rating migration.
RISK MANAGEMENT FUNCTION	- Identifies and assesses sustainability risks according to the internal Risk Management framework. - Oversees risk measurement, including qualitative and quantitative methods. - Performs second-line monitoring of exposure to issuers subject to ESG-related restrictions. - Oversees exposure to both traditional and ESG risks. - Ensures the effectiveness of second-level controls over applicable restrictions, including GenAM internal exclusion lists and those defined by prospectuses and investment management agreements.
PORTFOLIO MANAGERS (PMS)	- Integrate ESG factors into bottom-up investment decisions, aiming for an improved risk-adjusted financial outcome. - Use ESG insights and tools made available to support informed investment decisions, integrating sustainability-related risks, opportunities and ESG considerations. - Receive the outcome of look-through analyses on liquid target funds' exposure to issuers in which GenAM would not invest directly, where such exposure is material.
ASSET CLASS SPECIALISTS (ACSS)	- Integrate ESG factors into bottom-up investment decisions, aiming for an improved risk-adjusted financial outcome. - Use ESG insights and tools made available to support informed investment decisions, integrating sustainability-related risks, opportunities and ESG considerations. - For legacy exposures in LDI or LDI-like portfolios, assess the most opportunistic conditions to sell equity instruments. - For fixed income legacy exposures in LDI or LDI-like portfolios, assess opportunistic exposure reduction when market conditions allow. - May conclude to keep a security until maturity where relevant constraints materialize, taking into consideration the investment policy, guidelines and limits set out in the IMA.
ACTIVE OWNERSHIP STRUCTURE	- Evaluates engagement actions aimed at mitigating ESG risks associated with specific issuers, based on inputs from Research, Investment or ESG Functions.

4 Foreword

Generali Asset Management's vision is rooted in offering high-quality asset management solutions. This objective is supported by a vision focused on innovation and integration of ESG factors wherever it creates long-term value. GenAM's ability to develop adaptable and flexible ESG solutions is a key factor in delivering long-term value to its clients and investors.

This commitment has led and continues to lead GenAM to equip itself with the necessary tools to effectively address sustainability issues and client's preferences.

Our commitments

As of January 1st, 2024, Generali Investments Partners S.p.A. Società di gestione del risparmio (GIP) was merged by incorporation into Generali Insurance Asset Management S.p.A. Società di gestione del risparmio (GIAM) whose name changed in Generali Asset Management S.p.A. Società di gestione del risparmio (GenAM). As a result of the merger, GenAM has assumed all the rights and obligations of GIP and has continued the activities carried out by GIP. Since 2021, GenAM has been a signatory to **the United Nations Principles for Responsible Investment (PRI)**. Being a signatory of the Principles for Responsible Investment (PRI) entails a formal commitment to integrating environmental, social, and governance (ESG) factors into investment decision-making processes and business practices. This commitment involves, among others, incorporating ESG criteria into financial analysis and decision-making, promoting responsible investment policies, demanding ESG transparency and reporting from counterparties.

In line with this vision, GenAM chooses to adhere to various national and international initiatives related to the implementation of sustainability:

- **Forum per la Finanza Sostenibile (ItaSIF or FFS)**: an Italian non-profit association, which promotes the integration of ESG criteria into financial investments. Through research, education, and advocacy, it supports the development of more responsible and sustainable finance.
- **Forum pour l'Investissement Responsable (FIR)**: a multi-stakeholder association whose social purpose is to promote and develop responsible investment and its best practices. The FIR brings together all the players in the SRI field and engages with listed companies on sustainable development issues.
- **European Sustainable Investment Forum** (**Eurosif**) is a leading pan-European association that promotes sustainable finance. It works to advance responsible investment practices through research, advocacy, and collaboration with policymakers and financial market participants.
- **Institutional Investors Group on Climate Change (IIGCC)**: an organization that brings together institutional investors, such as pension funds and asset managers, to address the risks and opportunities related to climate change.
- **Climate Action100+**: investor-led initiative that aims to drive significant climate action from the world's largest corporate greenhouse gas emitters.
- **NetZero engagement initiative:** IIGCC collaborative initiative on climate to build on and extend the reach of investor engagement beyond Climate Action 100+ focus list, including more companies that are heavy users of fossil fuels, contributing to demand for its products.
- **Nature Action 100+:** a global investor-led engagement initiative focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss. Investors participating in the initiative engage companies in key sectors deemed systemically important in reversing nature and biodiversity loss by 2030.
- **Stewardship codes**: guidelines or principles adopted at national level to promote responsible investment practices. These codes aim to encourage institutional investors, such as pension funds and asset managers, to actively engage with the companies they invest in to ensure sustainable corporate governance and create long-term value for shareholders and society.

Further details about the management of stewardship can be found in **GenAM's Engagement Policy**, available on GenAM's website, which sets out the fundamental rules that GenAM applies in the exercise of voting rights linked to shares and bonds in Investee Issuers and describes the ways in which GenAM integrates the commitment as an asset manager in its investment strategy through engagement activities, taking into account best practices from international standards as well as relevant national stewardship codes.

Generali Asset Management also adheres to European and local asset manager associations, e.g. EFAMA - European Funds and Asset Management Association, AFG - Association Française de la Gestion financière and Assogestioni, being actively involved in the discussions regarding sustainability matters.

GenAM is committed to tackling any practices linked to the phenomenon of Greenwashing and to misleading or untruthful communication. Indeed, GenAM strives to prevent Greenwashing by promoting the principle of transparency.
Moreover, none of the ESG strategies or the objectives of GenAM are directly influenced by politics or dynamics interconnected with ideological issues.

Implementation of EU Regulatory Framework

European Regulators have developed a framework to enhance the adoption of economic, environmental and social factors in investment and finance activities in order to achieve long-term sustainable development. In this framework, financial market participants and financial advisors are required to implement an appropriate governance structure and to provide accurate information about the sustainability risks. In this context, the main regulatory reference is the Regulation (EU) 2019/2088 "Sustainable Finance Disclosure Regulation" or "SFDR" issued by the European Parliament and the Council on 27 November 2019, and which entered into force on 29 December 2019.

In this regard, the Regulation aims at providing homogeneous information to end-investors about sustainability risks and at the promotion of ESG factors in financial investment activities. This Regulation was enhanced by the Regulation (EU) 2020/852 (Sustainable Finance Taxonomy) that provides the criteria for determining whether an activity can be considered environmentally sustainable and the Commission Delegated Regulation (EU) 2022/1288 that provides regulatory technical standards (RTS) specifying the details of the content and presentation of the information on precontractual documents, on websites and in periodic reports.

This document aims to outline the **integration of sustainability risks into the Investment and Advisory Processes, in accordance with Article 3 SFDR**, and the related implementing legislation. This purpose is primarily pursued in section 5 of the document which focuses on risk identification and measurement, starting from the mapping of activities implemented at the entity and portfolio levels, for example climate risk, and ultimately integrating ESG factors into the various asset types managed by GenAM. In this context, clarity is provided on the consideration of ESG factors and the related risks in responsible investment management.

Although sustainability risk management constitutes a fundamental part of this policy, as specified above and as will be described throughout the Policy itself, for GenAM, a comprehensive integration of ESG factors also involves the management of sustainability impacts, both positive and negative.

The Policy also focuses on describing ESG products and methodologies used to achieve such products targets, e.g. promotion of environmental or social characteristics as per article 8 SFDR or sustainable investment objective as per article 9 SFDR.

Additionally, GenAM takes into account the Principal Adverse Impacts (PAIs) at the entity level, as per **Article 4 of the SFDR** and as detailed in the Statement on principal adverse impacts of investment decisions on sustainability factors, available on the GenAM website. However, GenAM has decided not to systematically consider adverse sustainability impacts in its investment advice, as per the statement available on the website.

Furthermore, GenAM has included in its remuneration policy information on how this is consistent with the integration of sustainability risk, in compliance with **Article 5 SFDR**. A summary of the Remuneration Policy is available on GenAM website.

Our approach on key sustainability issues

Through this policy, GenAM aims to promote sustainability and to adopt a responsible approach within its activities, for example promoting investment and/or disinvestment choices.

GenAM's key sustainability topics are:

- **Climate Change**

  GenAM believes it is important to:
    - Develop and integrate climate-related risk metrics into investment strategies which may also take into consideration Paris Agreement principles.
    - Enhance capabilities to assess potential investment in sustainable projects and industries, such as renewable energy, low-carbon technologies, and energy efficiency solutions.
    - Use engagement and collaborate with other market stakeholders to advocate for practices to foster climate resilience.

  In addition, GenAM commits to reducing to zero the exposure to thermal coal across all business lines by 2030 in European and OECD countries, and by 2040 in the rest of the world,[2] as specified below in Paragraph 5.2.1.

- **Human Rights**
    - GenAM commits to upholding international human and workers' rights standards, including those outlined by the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business

[2] This commitment is subject to periodic review by GenAM in light of evolving real-world developments (including national and supranational governments directives, geopolitical landscape and events as well as energy priorities). Any adjustment will remain aligned with the objective of progressively reducing exposure to thermal coal and will follow GenAM's internal governance processes.

and Human Rights (UNGPs), the Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights. This commitment is mostly implemented through the GenAM's exclusion criteria applied to investments in both corporate and sovereign issuers.

With regard to general principles promoted internationally, e.g. the United Nations Sustainable Development Goals (UN SDGs), as well as in respect of its institutional mission, GenAM is inspired by the following principles, which it intends to adopt as guidelines in defining its strategies and managing its funds:

- Compliance with regulations
- Integration of ESG factors into investment analysis and decision-making processes

5 Integration of sustainability risks in the investment decision-making and in advisory processes

Sustainability risk is defined by SFDR as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

More in detail, sustainability risks are intended as ESG factors that can mainly imply, for a given issuer, loss of revenue or franchise, increased capital expenditures, extraordinary expenses, contingent liabilities and provisions, pension and other liabilities, ultimately leading to a loss of the value of the investment.

The impact that ESG factors may have on the long-term returns of asset classes is of utmost importance. It is therefore essential to consider how these factors affect long-term investment returns and take advantage of anticipating the risks characteristics of individual asset class analysis.

It's important to outline that sustainability risks and sustainability impacts should not be considered separate and independent. In fact, the sustainability impact can, in the long term, lead to consequences related to sustainability risks: managing negative impacts also contributes to risk mitigation.

The table below provides guidance examples of ESG factors:

ESG Factor	Description
E-ENVIRONMENTAL	Aspects related to the quality and to the functioning of the environment and natural systems, including: greenhouse effect and climate change; the availability of natural resources, including: energy and water; changes in the use of soil and urbanization; quality of the air, water and soil; the production and management of waste; the protection of natural habitats and biodiversity.
S-SOCIAL	Aspects related to the rights, well-being and legitimate interests of people and local communities, including: human rights, diversity and promotion of equal opportunities; demographical changes; occupation and the right to decent working conditions, including child and forced labour, as well as occupational health and safety; the distribution of wealth and inequalities within and among countries; migrations; education and human capital development; digital transformation, artificial intelligence, internet of things and robotics; health and access to social assistance and healthcare; consumer safety; power diffusion and the crisis of traditional elites.
G-GOVERNANCE	Aspects related to governance of the companies and organizations, including transparency; ethics and integrity in business practices and compliance with laws; corruption; tax responsibility; board structure, independence and diversity; mechanisms to incentivize the management; shareholders and stakeholders rights, protection/distortion of competition.

5.1 SUSTAINABILITY RISK ASSESSMENT

In compliance with the obligations established by the European regulations on sustainability disclosure in the financial services sector, GenAM has developed methodologies for the selection and monitoring of financial instruments, aimed at integrating sustainability risks into the investment decision-making and in advisory processes.

These methodologies are suitably adapted where relevant to the characteristics of the products and their classification in accordance with the SFDR. At process level, the identification and measurement of risks are performed as described as follows by the ESG and Risk Management functions and duly monitored by the same functions.

Sustainability Risks identification may stem from ESG analysis and Engagement and Voting activities. More specifically, ESG Function performs sector and thematic analyses with the aim of identifying sustainability risks that could potentially alter short and long-term sector-specific performances. The findings of such activity are made available to, and will feed, the Research Function and the Investment Function supporting the integration of sustainability risks and sustainability opportunities into the investment decision-making process and investment advice. In addition, sustainability risk identification also leverages external ESG data providers, monitoring ESG-related news, sell-side research and issuers' public disclosure. When available data are not deemed sufficient to correctly identify sustainability risks, the ESG Function or the Research Function interacts directly with the issuers and / or ESG data providers to obtain additional information.

According to internal Risk Management framework, the sustainability risk identification process ensures that all significant risks to which GenAM is exposed are thoroughly evaluated, allowing for the implementation of suitable mitigation measures to manage them effectively. The risks identified are assessed using a qualitative/quantitative approach (risk metrics and key risk indicators), differentiated by Portfolios based on relevant regulations or specific instructions within individual mandates, prospectuses, and fund regulations.

The framework for sustainability risk monitoring relies on three pillars: exclusion principles to screen out entities not meeting ESG criteria (for all portfolios managed by GenAM), ESG rating/score monitoring using external data providers, and compliance with ESG constraints defined for specific portfolios (typically for art. 8/9 SFDR products managed). Private assets undergo annual ESG risk reviews. Risk measurement incorporates qualitative and quantitative methods, with oversight by the Risk Management Function. Pre-trade assessments are conducted for less liquid assets to ensure proper risk evaluation, while methodologies and governance are detailed in the internal Risk Management framework.

Furthermore, GenAM has developed an approach for the climate-environmental risks materiality assessment, based on the existing regulatory guidance on the matter as well as latest available market practices. The assessment relies on the results of GenAM's proprietary model that provides a forward-looking assessment on how different climate scenarios may impact portfolio market values, capturing both transition and physical risks. By translating climate pathways into potential financial impacts, it strengthens the understanding of portfolio vulnerabilities and supports risk oversight at both portfolio and Company level. The relevant outcomes are discussed within the Sustainability Committee and the Investment Risk Committee.

5.2 RISK MITIGATION STRATEGIES FOR LIQUID DIRECT ASSETS

Based on the results of the risk identification and assessment activities, GenAM has established the following strategies to mitigate sustainability risks of its portfolios. These strategies also apply to GenAM's investment advisory services, where relevant.

In the context of the individual portfolio management service and collective asset management under a delegation agreement, GenAM can agree with its Clients / Delegating management company to apply additional risk mitigation strategies, each time Clients / Delegating management company require GenAM to apply their own strategy (e.g. exclusion criteria) provided that such requests are applied in addition to GenAM's framework. For example, GenAM can implement, upon request, exclusion criteria to restrict counterparties that invest partially or entirely in activities related to the gambling industry, adult entertainment, conventional oil and gas, or conventional weapons.

Conversely, where Clients request the application of their own exclusion policies in place of GenAM, GenAM assesses the appropriateness of such requests on a case-by-case basis. GenAM reserves the right not to accept such requests.

5.2.1 Exclusion Framework

GenAM's exclusion framework combines both norm-based and negative screening approaches: the former aims to identify issuers that do not comply with internationally recognized standards and principles, while the latter focuses on excluding issuers involved in specific activities or sectors.

Norm-based screening is an ESG investment approach that assesses companies based on their compliance with international regulations and ethical principles, such as those defined by the UN and OECD. For GenAM, this entails applying criteria to assess whether securities, issuers, investments, sectors, or other financial instruments can be included in a managed portfolio, based on their alignment with internationally recognized standards of practice.

Environmental, social, and governance (ESG) controversies can be costly, and even highly regarded issuers are subject to reputational, compliance and financial risk. Controversies assessment is a key component of GenAM's ESG integration framework. That is because companies often face litigations, class action suits, regulatory fines and other penalties arising from disputes that can impact current financial valuation and/or future performances but that are not reflected in the ESG ratings in real time.

Norm-based screening corresponds to the identification of issuers involved in the screening criteria listed below. The output is a list of issuers identified as not being compliant and excluded from the investment universe. ESG Function might perform an internal assessment to better assess specific cases and/or to verify the accuracy of the data used.

Negative screening is an ESG investment strategy that excludes companies or sectors considered unethical or harmful to society and the environment.

GenAM approach to exclusion provides a structured framework to exclude issuers or securities based on specific ESG criteria, such as controversial activities. GenAM exclusions are applied across all portfolios managed by GenAM, any alternative arrangements shall be defined in accordance with the process set out in paragraph 5.2 above.

Regarding the negative screening applied to liquid direct assets, GenAM manages its portfolios to address growing environmental concerns, such as climate change and biodiversity, driven by increasing regulatory and societal pressures and their impact on issuers. Although primarily seen as a tool to reduce negative sustainability impacts, GenAM believes this strategy can also mitigate sustainability risks in investments as companies active in these sectors often face significant financial risks from regulatory changes, environmental liabilities, operational hazards, and declining long-term demand.

Below the details of GenAM exclusion criteria.

<u>Norm-based screening for liquid Direct Assets</u>

Type of exclusion	**Exclusion Criteria**
Exclusion applicable to Corporate Issuers	
Controversial Weapons	Companies that develop or produce: • cluster munition, according to the 2008 Convention on Cluster Munitions (CCM) signed in Oslo and Italian Law 220/2021; • antipersonnel landmines, according to the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction signed in Ottawa and Italian Law 220/2021; • nuclear weapons, according to Treaty on the Non-Proliferation of Nuclear Weapons; • depleted uranium; • biological weapons, according to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (The Biological Weapons Convention); • and chemical weapons, according to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention) or key components/services of such weapons. 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.
Controversy	Companies involved in violations of internationally recognised standards and principles, including UN Global Compact (UNGC) principles, Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights (UNGP). In particular, GenAM excludes companies involved in severe controversies linked, among others, to: • severe environmental damages, climate change and biodiversity; • systematic human rights and/or labour rights violations; • cases of corruption, bribery, fraud, money laundering, tax evasion, controversial investments and other governance matters.

Exclusion applicable to Sovereign issuers	
Controversy	• Financial Action Task Force (FATF) blacklist: GenAM excludes issuers with strategic deficiencies in anti-money laundering (AML) and counter-terrorist financing (CTF) frameworks, indicating elevated financial integrity and governance risks; • EU non-cooperative jurisdictions for tax purposes: GenAM excludes issuers that do not meet international tax good governance standards, fair taxation practices and international tax cooperation; • Freedom House Index - bottom 5% of the ranking: GenAM excludes issuers presenting severe concerns related to key human rights aspects, such as political rights and civil liberties; • UN Human Development Index (HDI) - Low human development: GenAM excludes issuers presenting concerns related to key social and human development aspects, including health, education and standard of living; • Corruption Perception Index (Transparency International) - bottom 5% of the ranking: GenAM excludes issuers exhibiting elevated perceived corruption risk and governance weaknesses, including limited transparency, accountability and effectiveness of public institutions.

Negative screening for liquid Direct Assets:

Sector	Exclusion Criteria
Exclusion applicable to Corporate Issuers	
Thermal Coal	Achieving the Paris Agreement goals requires a rapid and sustained decline in coal use, which is the most carbon-intensive fossil fuel and a major source of global CO_2 emissions. IPCC scenario analysis indicates that, in pathways limiting warming to 1.5°C, global coal use declines sharply—typically by around 60–80% by 2030 and by roughly 75–95% by 2050 (relative to recent levels), implying a near-complete phase-out over the long term. GenAM commits to reducing to zero the exposure to thermal coal of all business lines by 2030 in European and OECD countries, and by 2040 in the rest of the world[3]. GenAM commits to strengthening the exclusion criteria and thresholds gradually to end all support to companies active in the coal sector by the above-mentioned dates. GenAM identifies companies as potential exclusion if one or more of the following criteria are met: • Thermal Coal-related business: more than 20% of the revenues deriving from thermal coal; • Thermal Coal power generation: more than 20% of power generated from thermal coal; • Companies with an installed thermal coal power capacity of more than 5 GW; • Thermal Coal mining: more than 10 million Tons of thermal coal production per year; • Companies involved in thermal coal mining or power expansion projects. At every annual screening, the companies involved in thermal coal business are reanalysed to verify if there are elements to re-include any company in the investable universe. If the analysed company no longer triggers the thresholds defined for exclusion, the company exits the Thermal Coal Restricted List. Companies breaching one or more of GenAM's coal exclusion criteria may be subject to an override where they demonstrate credible alignment with the objective of limiting global warming and a clear transition pathway away from coal-related activities. This assessment carried out by the ESG Function is primarily based on publicly available disclosures (including periodic sustainability reports and press

[3] For companies domiciled in OECD countries but with assets located in non-OECD jurisdictions, the timeline applicable to the asset location prevails, ensuring consistency with national transition pathways.

	releases), and complemented, where available, by analyses from other stakeholders (e.g. NGOs, external data providers, etc.). This assessment ensures that the issuer is aligned with GenAM commitments and may take into account, inter alia, the adoption of science-based decarbonisation targets (validated by, or aligned with, the Science Based Targets initiative). In the event that more information is required to assess the thermal coal phase-out strategy, the companies will be engaged. If the engagement efforts do not lead to obtaining more relevant information the companies will be considered as restricted.
Unconventional Oil &Gas ("UO&G")	GenAM commits to no longer make new investments in companies involved in the exploration and production of fossil fuels from Tar Sands. Effective January 2023, GenAM is extending the exclusion policy both to issuers involved in exploration and production of oil and gas extracted by fracking (shale oil, shale gas, tight oil, tight gas) and to issuers with onshore and offshore exploration and production activities that fall within the Arctic Circle. Particularly, GenAM will not invest in companies: Fossil fuels from Tar Sands: • with more than 5% of revenues derived from Tar Sands exploration and production; • operating controversial pipeline dedicated to the transport of Tar Sands. Oil and gas extracted by Fracking: • with more than 10% of revenues derived from fracking exploration and production. Oil and gas from the Arctic Circle: • with more than 10% of revenues derived from Oil and Gas exploration and production from Arctic Circle. The identification of the restricted companies is carried out according to the information sourced by external ESG data providers. 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. At every annual screening, the companies involved in Unconventional Oil & Gas businesses are reanalysed to verify if there are elements to re-include any company in the investable universe. If the analysed company no longer triggers the criteria defined for exclusion, the company exits the restricted list.

The exclusion list, drafted using the above criteria and validated by GenAM CEO, is disseminated to relevant internal stakeholders and incorporated in the main investment tool, including with blocking limits, unless in the case of clients' policies applied in place of GenAM's ones and have been accepted by GenAM; in such cases, the blocking limits agreed with the client are implemented.

The update of the list of issuers restricted under the screening criteria is performed periodically and, in any case, at least once a year.

The list is applied to all GenAM portfolios regardless of their SFDR classification (i.e. article 6, 8 or 9 SFDR). However, it only applies to exposures to direct assets (it is not applicable to the purchase by GenAM portfolios of Funds, ETFs and Private Assets, whether direct or indirect).

Where warranted by the specific characteristics, constraints or investment strategy of a given GenAM portfolio, tailored exclusion approaches may be adopted. Any departure from the general policy will be assessed on a case-by-case basis by the GenAM Sustainability Committee in accordance with the process set out in paragraph 5.2 above and with GenAM Product Governance Policy. This assessment takes into account the portfolio's investment objectives and applicable requirements.

For those issuers identified as restricted the following actions apply:
- No new investments are allowed.

- For legacy exposure[4]:
    a) For portfolios managed by GenAM (CIS and IMA) following a Liability-Driven Investment (LDI) or LDI-like strategies (including Spezial Fonds and IMA following these strategies):
        - for equity, the ACS must consider the most opportunistic conditions (in terms of pricing and timing) to sell the instruments;
        - for fixed income, exposure reduction is performed opportunistically, if and when market conditions allow to do so.
        - The ACS can conclude to keep the security until maturity ("Hold-to-maturity" approach) if potential constraints materialize (e.g., balance sheet constraints, potential P&L impact for the client, market liquidity conditions). For both equity and fixed income, the ACS will assess the opportunity to sell the security taking into consideration the investment policy, guidelines and limits set out in the IMA.
    b) For portfolios managed by GenAM (CIS and IMA) other than portfolios (CIS and IMA) following a LDI or LDI-like strategies (including Spezial Fonds and IMA following these strategies): Obligation to sell existing positions during the three months following the restricted status, unless the term of three months is too strict, considering the features of the relevant portfolio, to ensure that the interests of the portfolio and its investors are adequately protected.

For all GenAM portfolios, legacy exposures are actively monitored and managed taking into account portfolio characteristics, market conditions and investors' interests. For portfolios managed following LDI strategy exceeding 300 million euros assets and for all other portfolios applying a strategy other than LDI, exposure to restricted issuers shall not exceed a maximum concentration threshold of 5% of the total portfolio assets. Without prejudice to the application of the IMA provisions governing legacy positions, in case an exposure above the threshold is detected, the breach will be notified to the Investment Committee (IC), which will agree on an appropriate remedial action plan.

5.2.2 Positive screening

Since positive screening does not focus on excluding certain industries, but it focuses on identifying businesses that contribute positively to society and the environment, the strategy can be adopted with the dual purpose of risk mitigation and generating positive impact. It might be used by GenAM to apply rules to determine whether securities, issuers, investments, sectors or other financial instruments are permissible for inclusion in an investment product or portfolio based on performance on specific environmental, social or governance criteria absolutely (positive screening) or in relation to the leading practices of peers (best in class).

GenAM does not apply the positive screening to all managed portfolios as mitigation strategy. Instead, its implementation depends on specific client requests and/or based on products Prospectus as well as specific classification in line with SFDR.

5.2.3 Voting and Engagement

As regards Active Ownership activities related to Liquid Direct Assets, Voting and Engagement, GenAM believes that such strategies are factors contributing to the sustainability risk mitigation for its portfolios and value creation for its clients and investors. As described in the Engagement Policy, Research, Investment or ESG Functions may give inputs to the Active Ownership structure to evaluate the opportunity of engagement actions, in order to mitigate ESG risks associated with specific issuers. The pillars/principles leading GenAM's voting activity are set in the Engagement policy.

5.3 ESG INTEGRATION INTO LIQUID DIRECT ASSETS

In addition to the strategies described above, which can be considered 'top-down' as they are frameworks defined at GenAM or at portfolio level, Portfolio Managers (PMs) and Asset Class Specialists (ACSs) can also integrate ESG factors into their 'bottom-up' investment decisions, aiming for an improved risk-adjusted financial outcome.

Indeed, the ESG Integration represents one of the systematic incorporation strategies of PRI and consists of the ongoing consideration of ESG factors within investment analysis and decision-making processes.

Therefore, the integration of these factors is ana holistic approach which involves the consideration of both the mapping and

[4] Legacy exposure refers to the ongoing exposure of GenAM portfolios to issuers that are included on the exclusion list.

assessment of ESG financial risks and opportunities, as well as the sustainability impacts that investments could have, which might ultimately affect future investments.

ESG integration takes place via specific tools and processes that GenAM adopts in order to provide valuable insights and support to ACS/PMs in making informed investment decisions, integrating sustainability-related risks and opportunities, and, more generally, ESG considerations.

Regarding **direct investments**, GenAM has developed

- the ESG Sector Reports, materiality matrices that identify key ESG risks and opportunities across industries,
- Thematic Reports, insights on specific sustainability topics, and
- ESG controversy analyses, assessment of incidents where issuers may have violated ESG standards and/or become more exposed to reputational risks.

Furthermore, GenAM developed

- Good Governance Assessments, aligned with GenAM's internal SFDR framework,
- Carbon Ranking, a rank of companies from leaders to laggards in their transition efforts,
- the Carbon Outlook framework, a qualitative assessment of individual issuers to evaluate their future carbon performance,.
- A proprietary ESG Bond Filter to assess additionality and greenwashing risks associated with these bonds.

In addition, ESG is integrated into credit research's issuer assessments, also often leveraging expertise from the ESG function, and in the Sovereign Rating Monitor, a proprietary algorithm aimed at supporting the investment process for sovereign issuers. Active Ownership activity insights are also made available to Investment Function.

Finally, a broad range of ESG data is available via GenAM position-keeping system and external providers, a weekly ESG Newsletter keeps all GenAM staff informed of corporate and regulatory ESG development.

Regarding **indirect investments**, a comprehensive ESG due diligence process is in place for target funds, involving the distribution of a proprietary questionnaire to assess both the Asset Manager's and target fund's ESG practices.
The analysis includes, for example, evaluating the Asset Manager's ESG policy, governance structure, processes, and investment team expertise, as well as the Target Fund's ESG strategy, methodology, performance, validation, reporting, and PAIs disclosure. This analysis, available to ACS/PMs, are carried out for all third-party funds with exception of ETFs replicating an index. In addition, ACS/PMs can rely on ESG data and insights related to third-party funds, including ETFs replicating an index, made available by external data providers.

5.4 RISK MITIGATION AND ESG INTEGRATION FOR LIQUID INDIRECT ASSETS

Exclusion Framework

Applicable to all portfolios
For investments in liquid indirect assets, e.g. ETFs and CIS (excluding those investing in private assets), the ESG Function applies a norm-based exclusion screening.

In particular, GenAM's investments in all liquid funds are screened to verify that the target fund applies exclusion criteria related to involvement in Controversial Weapons (including cluster munitions and antipersonnel landmines in accordance with the Italian Law No. 220/2021).

Additional exclusion criteria for Article 8 and 9 SFDR products
For portfolios managed by GenAM and classified as Article 8 or Article 9 under SFDR, the ESG Function verifies, based on the characteristics of each Art. 8/9 product and the commitment expressed in its pre-contractual documentation, that target funds implement certain exclusion criteria: e.g. violations of the UN Global Compact principles, controversial weapons, thermal coal and - for Article 9 products only - unconventional oil & gas.

The verification is carried out through the ESG due diligence process described below.

For IMAs classified as Art.8 or 9, GenAM may agree with institutional clients to verify the application of different or additional screening criteria reflecting their sustainability preferences, in accordance with the process set out in paragraph 5.2 above.

Annual ESG Due Diligence on liquid target funds

A comprehensive ESG due diligence process is performed on an annual basis for all target funds in scope, with the objective of assessing both the Asset Manager's and the target fund's ESG practices.

This process is implemented through a proprietary ESG Due Diligence Questionnaire, covering, inter alia:

- Asset Manager level: ESG policy, governance structure, processes and investment team expertise;
- Target fund level: ESG strategy, exclusion policies, methodology, performance, validation and reporting practices, as well as Principal Adverse Impact (PAI) disclosure.

The due diligence outcome is made available to the Investment Function and serves as a key input in the investment decision-making process, helping ensure alignment with each product's pre-contractual documentation, client sustainability guidelines and regulatory obligations.

GenAM complements qualitative ESG due diligence with look-through analysis to monitor liquid target funds' exposure to issuers in which GenAM would not invest directly. Where such exposure is material, GenAM may engage with the fund manager and share the outcome with Portfolio Managers to support the investment decision-making process.

5.5 RISK MITIGATION STRATEGIES FOR PRIVATE ASSETS

Negative / Exclusionary screening

The Negative/Exclusionary screening is the first ESG strategy performed by the GenAM ESG Function aimed at mitigating sustainability risks.

The sustainability risks mitigation activity for managed Private Assets Funds classified as Article 6 of SFDR is carried out internally and directly by the Investment Function applying, when necessary, only the Negative/Exclusionary criteria agreed with the client, through dedicated questions submitted during the investment decision making process within the Due Diligence package.
As mentioned above, regardless of the negative/exclusionary criteria agreed with the client, for all investments it is applied the criteria assessing involvement in Controversial Weapons (cluster munitions and antipersonnel landmines), in line with the Italian Law n. 220/2021.

For the Private Assets funds managed by GenAM and classified as Article 8 or Article 9 of SFDR, the sustainability risks mitigation activity is performed by the GenAM ESG Function through a Negative/Exclusionary screening strategy (as an illustrative example: thermal coal, unconventional oil & gas, violation on UN Global Compact). The exclusion decision is assessed for each investment opportunity through the Sustainability Due Diligence process (which includes at least the application of the exclusion criteria as described above in this policy) and, in particular, the Sustainability Due Diligence Questionnaire varying according to direct and indirect investments.
Sustainability Due Diligence Questionnaire envisages a set of Negative/Exclusionary screening criteria that are shared with the investment and assessed by the ESG Function in order to produce the Sustainability Opinion. Failure to comply with the Negative/Exclusionary criteria in scope implies a negative Sustainability Opinion. The Sustainability Opinion is shared with the Investments department and, if the investment target fails to meet Negative/Exclusionary screening criteria, it is not considered eligible.

Positive Screening

For the Private Assets funds classified as Article 8 or Article 9 of SFDR, the ESG Integration activity is conducted by the ESG Function through a Positive screening strategy.
This strategy aims both to mitigate sustainability risks as well as to promote environmental and social characteristics based on the product ESG strategy. For instance:

- **Direct investments (securities)**: in the Sustainability Due Diligence process, factors such as corporate governance, diversity and inclusion, cybersecurity, supply chain, workforce conditions, litigations and environmental approaches, based on a materiality assessment are evaluated, depending on the ESG strategy of the product.

- **Indirect investment (target funds)**: in the Sustainability Due Diligence process both the assessment of the asset manager's corporate social responsibility practices and ESG integration into the investment process (e.g. responsible investment policy, sustainability reporting, ESG KPIs) and the specific underlying fund's ESG KPIs are assessed.

For both direct and indirect investments, all information and documentation collected by the ESG Function (e.g. Sustainability Due Diligence Questionnaire, meeting findings with the Counterparty, internal analysis) contribute to the formalization of the Sustainability Opinion. An annual review of the Sustainability Opinion evidence is conducted by ESG Function. The overall sustainability analysis can be carried out with an external partner or an ESG advisor, if deemed necessary.

6 Management of sustainability impacts

GenAM adopts an integrated approach to incorporating ESG principles within its operational activities and financial product offerings, also in line with the strategic objectives defined by the Group.

GenAM believes that identifying and understanding its impacts is fundamental for determining the main ESG themes, based on which it can set its sustainability priorities. The management of these themes is implemented through the establishment of criteria and measurement indicators that enable:

- the identification of the main negative impacts on sustainability factors generated by its investment activities, which need to be monitored and managed, and
- the recognition of the criteria and sustainability ambitions that products classified under Articles 8 and 9 aim to promote and pursue.

6.1 SUSTAINABILITY IMPACTS AT ENTITY LEVEL

As one of the leading European asset managers, GenAM is keen to promote progress on global environmental and social challenges. While GenAM believes that it can exert a role in pursuing investment actions aimed at accelerating the transition to a low-carbon/net-zero economy as well as in reducing the likelihood of events such as abrupt social upheavals; on the other hand, GenAM is aware and convinced that the negative externalities that companies accumulate over time build up as negative implications in their balance sheets, with cascading negative repercussions on investor performance. For this reason, GenAM identifies and prioritizes the main negative effects on sustainability factors, as well as defines relevant mitigation actions through the adoption and implementation of appropriate measures (e.g. using norm-based screening, negative/exclusion, voting and engagement). As part of Generali Group, GenAM considers the Group sustainability materiality matrix, available on Generali public website, as an important reference in order to identify and prioritize external adverse impacts.

In this context, in accordance with Article 4 of the SFDR Regulation, GenAM annually prepares a statement regarding the investment decisions, approved by the Board of Directors of the management company, which is published on the company's website. In relation to investment advice, GenAM has decided not to systematically consider adverse sustainability impacts, as per a statement available on the website.

The identification and prioritization of principal adverse impacts on sustainability factors to be considered are based on the exclusion criteria mentioned in the previous paragraphs. The indicators considered are listed in the table below:

Applicable to	Tab	Num	Adverse sustainability indicator
Investee Companies	1	1	GHG emissions
	1	2	Carbon footprint
	1	3	GHG intensity of investee companies
	1	4	Exposure to companies active in the fossil fuel sector
	2	4	Investments in companies without carbon emission reduction initiatives
	1	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	1	14	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)
Sovereigns and supranationals	3	22	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes

6.2 SUSTAINABILITY IMPACT AT PRODUCT LEVEL

6.2.1 SFDR Product Classification

The classification of products under Articles 8 and 9 of the SFDR is one of the main measures through which GenAM promotes the flow of capital towards economic activities that meet high sustainability standards, supporting the achievement of both financial and non-financial (i.e. Environmental and Social) outcomes.

The development and classification of such products is in accordance with the provisions set forth by the SFDR Regulation, relevant provisions of national or European Supervisory Authorities and market best practices.

In addition to the general sustainability framework, products classified under Articles 8 and 9 SFDR apply enhanced exclusion criteria designed to reinforce sustainability considerations within the investment process.
These criteria take into consideration market practices and regulatory requirements, such as Climate Transition Benchmarks (CTB) and Paris-Aligned Benchmarks (PAB).[5] These exclusions are applicable only to investments in direct liquid assets.
Where warranted by the specific characteristics, constraints or investment strategy of a given GenAM portfolio classified as Article 8 or 9 SFDR, tailored exclusion approaches may be adopted. Any departure from the general policy will be assessed on a case-by-case basis by the GenAM Sustainability Committee in accordance with the process set out in paragraph 5.2 above. This assessment takes into account the portfolio's investment objectives and applicable requirements.

The table below outlines the GenAM exclusion criteria applicable to Article 8 and 9 portfolios[6].

Type of exclusion	**Exclusion Criteria**
Exclusion applicable to Corporate Issuers	
Tobacco	Issuers involved in the cultivation and production of tobacco.
Hard coal and lignite	Issuers that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite.
Exclusion applicable to both Corporate and Sovereign Issuers	
ESG Rating Laggards	Issuers with an ESG score of CCC (MSCI ESG Rating) or equivalent. Where deemed appropriate, the ESG Function may undertake supplementary internal analyses to assess specific circumstances and verify the underlying data and evaluations, thereby informing the final investment decision.

The list of restricted issuers is defined using the above-indicated exclusion criteria. The ESG Function performs an internal assessment, where deemed necessary based on the information received from external data providers, to verify the correctness of the data received also related to the rating assigned by such providers. The conclusion of the internal assessment determines whether an issuer will be proposed as Restricted or Eligible for the Exclusion List.

The update of the list of issuers restricted under the exclusion criteria above is performed at least yearly.

The validation of the Exclusion List applicable to Article 8 or 9 SFDR follows the same processes outlined in paragraph 5.2.1, "Exclusion Framework", for issuers identified under the CCC rating criterion. For the Tobacco and Coal exclusion criteria, the identification of restricted issuers is automatically available through the investment systems on a periodic basis and no internal assessment is required. Therefore, the relevant exclusion criteria are applied directly and no separate validation is required. The limits applied to the purchase of restricted issuers and the treatment of legacy exposure also follow what is described in paragraph 5.2.1.

6.2.2 Good Governance Practices

GenAM has developed its methodology to comply with SFDR definition of "Good Governance Practices" applicable to all financial instruments held by portfolios classified as article 8 or 9 SFDR. The methodology is based on the combination of GenAM exclusion criteria, MSCI Governance score and proprietary analysis. The Good Governance Practices assessment methodology defined focuses on employee relations, tax compliance, sound management structure and remuneration of staff, as per the expectations of SFDR.

[5] For reference purposes, selected exclusion approaches are reflected in Article 12 of Commission Delegated Regulation (EU) 2020/1818, setting minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.
[6] Entry into force of the listed criteria for each portfolio classified as art. 8 or 9 SFDR may be subject to the prior amendment of its contractual documentation (e.g. Fund Prospectus or Investment Management Agreement).

6.2.3 Sustainable Investment Methodology

GenAM has formulated its methodology to align with the SFDR definition of Sustainable Investment, as per Art. 2.17 SFDR. The internal methodology takes into consideration investments' contribution to environmental and social objectives, the "Do No Significant Harm" (DNSH) principle and how PAI indicators are taken into account, and the Good Governance, mentioned in the previous paragraph.

6.2.4 ESG Bond Filter

GenAM developed a proprietary green, social, sustainable, and sustainability-linked bond assessment framework (hereafter, "ESG Bonds Filter") in order to identify bonds that will deliver a meaningful impact. This filter is applied to clients and products upon request or according to the prospectus.
This approach to ESG bond selection can support in generating a positive impact for clients by preventing greenwashing and unfaithful communication. This assessment complements the traditional financial considerations to reconcile the creation of long-term financial returns while also having a positive impact on sustainability.

6.2.5 Carbon Ranking and Carbon Outlook

GenAM has developed climate tools to support Client's decarbonization strategies. In particular, GenAM has developed a proprietary transition model, the Carbon Ranking. The model assigns a "transition score" to each entity, enabling the identification and ranking of companies from the worst to the best positioned in the decarbonization journey. The framework includes past, current and forward-looking carbon metrics. This model is asset-class neutral, meaning that it works at issuer rather than security level. Therefore, it is applicable to equity and corporate securities. Sovereign securities are not yet included. The model sources data from primary ESG and carbon data providers. The analyst can complement information from the Annual and Sustainability Report of the assessed company.

The Carbon Ranking model feeds:

- Investment Function with the goal of supporting securities selection coherently with each client/product's decarbonization target; as well as,
- Research Function with the goal of highlighting prospective climate impacts which can translate into financial pressure and, ultimately, credit rating migration;

Furthermore, the ESG Function has established the Carbon Outlook framework for conducting qualitative assessments of individual issuers to evaluate their future carbon performance upon request.

7 Process Governance

The ESG-related issues within GenAM are addressed to ensure strategic oversight, effective risk management, and clear accountability. The process involves various corporate functions and governing bodies, as detailed below.

Strategic Oversight and Policy Governance

GenAM's sustainability governance framework is designed to embed ESG principles into the organization's strategic direction and operational practices. The Board of Directors holds ultimate responsibility for the approval and periodic review of the Sustainability Policy. The Policy is submitted for approval by the CEO, who is also responsible for its implementation. The CEO presents ESG strategic priorities and ensures that the Sustainability Policy is aligned with the company's business objectives and regulatory obligations.

Within the Board, the Innovation and Sustainability Committee (ISCo) has been established, in order to support the Board of Directors in overseeing sustainability-related matters.

ESG Function Responsibilities

The ESG Function, reporting directly to the GM and following the path traced by clients or CIS' rules/prospectus, is responsible for:

- Supporting in the definition of the framework for sustainability risk assessment;
- Managing ESG data and KPIs, such as rating sourced from external providers, climate-related metrics, and relevant parameters;
- Supporting the Investment and Research Functions to assess and understand ESG methodologies, results, and outlooks, thereby ensuring that investment decisions and advisory services are based on accurate, timely, and comprehensive quantitative and qualitative information.

Role of the Sustainability Committee

The GenAM Sustainability Committee (SC), chaired by the Head of ESG and composed of the CEO, GM and key senior executives, is a consultative committee that supports the implementation of sustainability strategies to ensure alignment with GenAM's sustainability policies, goals and regulatory requirements. During the Sustainability Committee the Exclusion Lists are presented and discussed.
The Sustainability Committee regularly reports its discussions, analyses and recommendations to the BoD ISCo, enabling the ISCo, and ultimately the BoD, to carry out its oversight responsibilities with respect to sustainability-related matters.

This governance framework promotes consistent and well-documented ESG-related information flow across governance bodies and supports a more structured and comprehensive approach to sustainability risk oversight and reporting to the Board, also in line with supervisory expectations on climate and environmental risks.

Definition of ESG Targets and Guidelines

Sustainability targets, key performance indicators (KPIs), and implementation guidelines—such as decarbonization goals and sectoral exclusions from investment portfolios—are defined within this policy, the individual portfolio mandates, or the governing documentation of the CIS, including their rules and prospectuses.

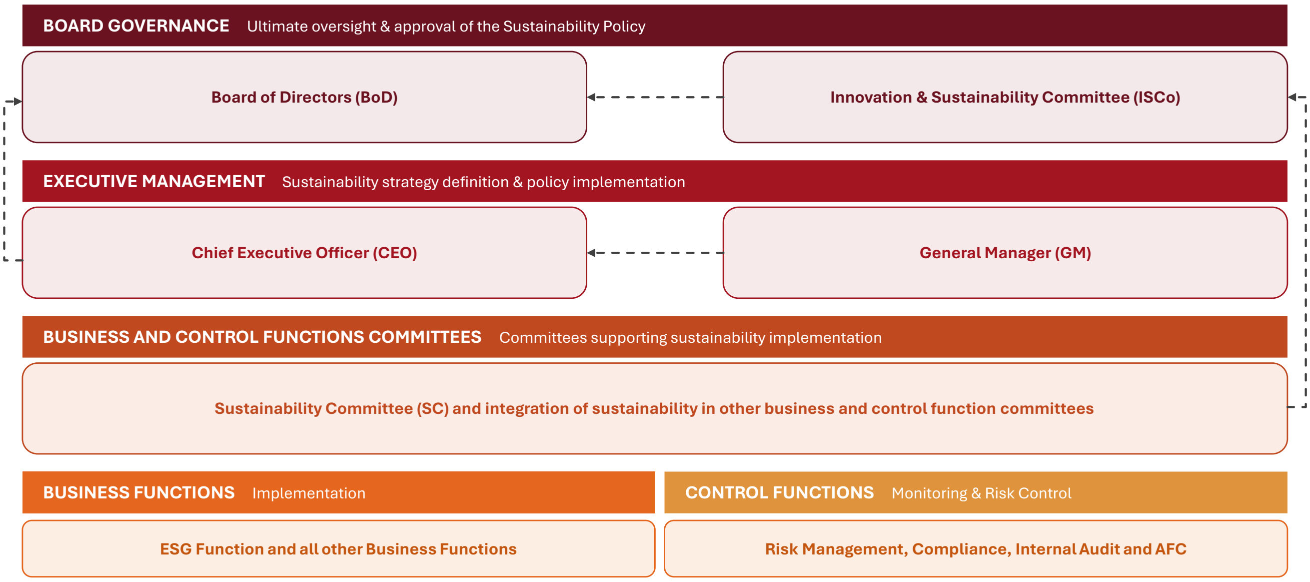
Investment decisions

Investment decisions follow the risk mitigation strategies and constraints described in this Policy, including adherence to the exclusion list and specific portfolio targets or constraints. The Investment Function ensures alignment with ESG criteria, screening and selecting investments, avoiding non-compliant issuers via the main investment tool (Simcorp Dimension), and integrating ESG factors into financial analysis. In addition, the Head of Investment is a permanent member of the Sustaina-bility Committee.

Monitoring and Control Mechanisms

The Investment Function (first line of control via the main investment tool - Simcorp Dimension) and the Risk Management Function (second line of control) periodically monitor exposure to issuers subject to ESG-related restrictions. This monitoring is based on ESG criteria established by the ESG Function and supported by available reporting tools.

The Risk Management Function specifically oversees exposure to both traditional and ESG risks and ensures the effectiveness of second-level controls over applicable restrictions, which include both GenAM's internal exclusion lists and those defined by prospectuses and investment management agreements.



7.1 REPORTING OF THE PROCESS

GenAM publishes on its website the updated version of the present Policy if any relevant change occurs, the Policy is reviewed at least every three years.

Periodically, internal reports might be requested by the Investment Function in order to enable it to fulfil its oversight roles on investments. In addition, other internal stakeholders are updated and involved based on process needs.

Also, the Sustainability Committee might also request periodic internal reports in order to fulfil its oversight roles related to definition of strategies, alignment to sustainability goals and regulatory requirements.

These periodic internal reports can also be requested by the BoD in order to prioritize activities related to sustainability strategy and oversee the implementation of the Policy within business activities.