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

# CONFLICTS OF INTEREST POLICY - EXTRACT

# 1 Introduction

The identification, management and monitoring of conflicts of interest is of primary importance in the provision of investment and ancillary services and activities as well as in the provision of collective asset management, comprised their sustainability preferences, services realized through the set-up and management of UCITS and AIFs.

In particular, asset managers are required to:

- identify the circumstances that give rise or could give rise to a conflict of interest likely to seriously damage the interests of one or more Collective Investment Schemes, including both UCITS and AIFs managed by GenAM, even under a delegation agreement ("CIS") or one or more Investor / Client in the context of the activities and services provided.
- define the procedures to be followed and the measures to be taken to manage identified conflicts of interest.

In this context, this document illustrates, in extract, the provisions set out by the Conflicts of Interest Policy (the "Policy"), adopted by "GENERALI ASSET MANAGEMENT S.p.a. Società di Gestione del Risparmio" ("GenAM" or the "Company") taking into account:

- the services and activities provided to its Clients and Investors;
- the activities performed by the Group Companies where relevant;
- the current regulatory framework, including the industry self-regulations and, specifically, the "Protocollo di Autonomia per la gestione dei conflitti di interesse" issued by Assogestioni in 2014 ("Protocollo di Autonomia"), as well as
- the guidelines issued by Assicurazioni Generali S.p.A. as the GenAM's Parent Company in order to ensure a coordinated approach to this issue by all companies belonging to the Generali Group for what specifically concerns the conflicts of interest that may arise between a company and its employees or as a consequence of employees behaviors.

The Policy also takes into account the provisions of article 6 of the Legislative Decree no. 58/1998 (Consolidated Law on Finance), with particular reference to paragraph 2-novies, according to which Members of the Board of Directors are obliged to abstain from resolutions in which they have an interest, on their own behalf or on behalf of third parties.

In accordance with the proportionality principle, the Policy considers the size and organization of the Company, the nature of its business as well as the type of Clients and Investors to which it provides services.

The Policy is subject to updates depending on the evolution of the Company's operations and the possible occurrence of new actual or potential conflicts.

# 2 General principles

GenAM as an asset management company being part of the Generali Group which is composed by several companies operating in insurance, banking and asset management sectors, offers its services and products both to third parties and to Group Companies.

In this context, a conflict of interest may arise whenever GenAM has a distinct interest in the outcome of a service provided to its Clients/ Investors or in the outcome of a transaction carried out on behalf of its Clients/ Investors/ CIS, which may result in a financial gain or prevention of a loss, at the expense of the Clients/ Investors/ CIS.

The conflict of interest may arise between:

- GenAM, Relevant Persons[1] or Group companies and one or more CIS issued and or managed by GenAM and their investors;
- GenAM, Relevant Persons or Group companies and GenAM's Clients;
- CIS managed by GenAM;

[1] Relevant Persons means any of the following:
(a) a director, partner or equivalent, or manager of the AIFM;
(b) an employee of the AIFM, or any other natural person whose services are placed at the disposal and under the control of the AIFM and who is involved in the provision of collective portfolio management services by the AIFM;
(c) a natural or legal person who is directly involved in the provision of services to the AIFM under a delegation arrangement to third parties for the purpose of the provision of collective portfolio management by the AIFM.

- GenAM's Clients;
- one or more CIS and one or more Individual Mandate managed by GenAM.

GenAM considers, among the circumstances that likely give rise to a conflict of interest, the situations, including those arising at the time of the CIS set-up / modification / merge / liquidation, which determine a conflict between:

a) the interests of GenAM itself or other delegated asset manager, including its relevant per sons or any person or entity having Close Links[2] with GenAM itself or other delegated asset manager or a relevant person, and the interests of the CIS managed by GenAM itself or other delegated asset manager or the interests of the participants in such CIS;
b) the interests of the CIS, or of the Investors, and the interests of other CIS or of their participants;
c) the interests of the CIS, or of the Investors, and the interests of another client of GenAM itself or other delegated asset managers;
d) the interests of two or more Clients of GenAM itself or other delegated asset managers.

For the purpose of identifying the types of conflicts of interest that may arise in the course of managing (including the creation, modification, liquidation and liquidation) CIS, GenAM takes into account, in particular, whether GenAM, a Relevant Person or a subject having a Significant Shareholding and / or having a Close Link to GenAM:

a) is likely to make a financial gain, or avoid a financial loss, at the expense of the CIS or its Investors;
b) has an interest in the outcome of a service or an activity provided to the CIS or its Investors or to a Client or of a transaction carried out on behalf of the CIS or a Client, which is distinct from the CIS's interest in that outcome;
c) has a financial or other incentive to favor:
    a. the interest of a UCITS, a Client/ group of Investors or another AIF over the interest of the AIF;
    b. the interest of one Investor over the interest of another Investor or group of Investors in the same CIS;
d) carries out the same activities for the AIF and for another AIF, a UCITS or Client; or
e) receives or will receive from a person other than the CIS or its Investors an inducement in relation to collective portfolio management activities provided to the CIS, in the form of monies, goods or services other than the standard commission or fee for that service.

In general, and pursuant to the applicable regulatory requirements, the rules adopted by GenAM to manage conflicts of interest are based on the following three pillars:

**Duty of identification**: GenAM identifies, in connection with its activities and services, the circumstances that give rise or could give rise to conflicts of interest, whether actual or potential, that may be detrimental to the interests of GenAM's Clients, Investors stakeholders and managed CIS ;
**Duty of organization**: GenAM adopts procedures describing the methodology for identifying and managing conflicts of interest, whether actual or potential, which may affect its ability to act independently and could therefore damage the interests of GenAM's Clients, Investors, stakeholders and managed CIS; in addition, said procedures describe the instances of relevant conflicts to which the so-called enhanced approval process and the respective measures apply;
**Duty of disclosure**: should GenAM deems the organizational and administrative arrangements insufficient to prevent – with reasonable certainty – the risk of damaging its Clients / Investor's interests, prior to acting on their behalf, it shall inform them clearly of the nature and origin of the conflict of interest, so that Clients / Investors can make an informed decision on the service being provided to them. With regard to the CIS managed by GenAM, should the above-mentioned circumstances arise, the Board of Directors shall take the necessary decisions to ensure fair treatment of the CIS and their respective Investors after receiving the opinion of Independent Directors.

# 3 General measures to mitigate conflicts of interest

To mitigate and manage conflicts of interest, GenAM has adopted the following general measures:

1. adequate policies and procedures to be followed and measures to be taken for dealing with conflicts of interest;
2. the duty of all GenAM areas to report to the Compliance Function any possible situation which may give rise to conflicts of interest for the purpose of their management and recording;
3. the duty of the Compliance Function of analyzing the above reports and update accordingly, where necessary, the list of possible conflicts of interest;
4. a constant monitoring of compliance with management procedures of conflicts of interest and external regulations, through specific compliance controls aimed at assessing the adequacy and effectiveness of control mechanisms;

[2] Close link means: any relationship that links an entity to companies belonging to Assicurazioni Generali

5. adequate measures, adopted by the Board of Directors (the "BOD") after hearing the opinion of the Independent Directors[3], to prevent the risk of information exchanges among Relevant Persons, included Relevant Persons of Group Companies, engaged in activities that may give rise to conflicts of interest. In particular, effective procedures to prevent or control the exchange of information between Relevant Persons engaged in CIS management or other activities involving a risk of conflict of interest where the exchange of information may harm the interest of one or more CIS or their Investors;
6. In addition, in the event that the investment transaction requires approval by the Board of Directors "BoD", and a conflict of interest is identified, the BoD approves the transaction taking into consideration the application of the relevant and appropriate mitigation measure
7. the separate supervision of Relevant Persons, whose main functions are carrying out CIS management or activities or services on behalf of, or providing services to, Clients or Investors, whose interests may be in conflict, or who otherwise represent different interests that may be in conflict, including those of GenAM;
8. general rules on the behavior of GenAM employees, specifically with reference to the management of confidential or relevant information as defined in the Market Abuse Policy;
9. a Code of Conduct;
10. procedure for the management of relevant information, to avoid unlawful conduct of any Relevant Person who is involved in activities that may give rise to a conflict of interest who has access to inside information or to other confidential information relating to a CIS/Individual Mandate Agreements ("IMA") or transactions with, or for, a CIS/IMA;
11. the removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activities, where a conflict of interest may occur in relation to those activities. This measure has been implemented through the adoption of GenAM's Remuneration Policy and is aimed at not creating conflicts of interest or incentives for Relevant Persons to achieve their own interests or GenAM's interests to the potential detriment of a Client/Investor. Furthermore, such Remuneration Policy sets out appropriate controls in order to ensure that the Company's remuneration and incentive schemes are not in conflict with sound risk management policies and coherent with long-term strategies;
12. measures, adopted by the BoD after hearing the opinion of the Independent Directors, to prevent or restrain any person / entity from exercising inappropriate influence over the way in which a Relevant Person carries out CIS / Individual Portfolio Management Service through segregation of duties and responsibilities;
13. functional and hierarchical separation of the Risk Management Function from the operating units, including the one responsible for portfolios management. GenAM has also adopted a Risk Management Policy that includes fair treatment of the potential conflicts of interest;
14. measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate CIS management activities or other activities where such involvement may impair the proper management of conflicts of interest;
15. measures to minimize the risk of conflicts of interest among managed assets, and, in situations of conflict, act in such a way to ensure, in any case, fair treatment of the managed portfolios;
16. the segregation of duties and responsibilities that may be considered inconsistent or that appear likely to create systematic conflicts of interest;
17. without prejudice to the obligations laid down in article 2391, paragraph 1, of the Italian Civil Code, the duty of the shareholders of GenAM and the BoD Members to abstain from resolutions in which they have a conflicting interest, on their own behalf or on behalf of third parties[4]. Furthermore, the independent judgement of BoD members is verified according to the criteria set out in GenAM Fit and Proper Policy.
18. related parties have been identified and a Group procedure has been defined for the management of transactions with related parties. This procedure is mainly aimed at establishing competences and responsibilities within the decision-making processes;
19. according to the complaints management procedures, that Investors/ Clients' complaints are managed by an independent function, not involved in the operations;
20. the BoD includes an adequate number of independent directors[5] who are significant in relation to the size of the Board and the Company's operations, guaranteeing a high level of flexibility within the BoD and making a significant contribution to the BoD's decision-making process;
21. the BoD evaluates and periodically reassesses the independence of its Unrelated Independent Directors in substantial rather than in formal terms, taking into account the circumstances set out in the Protocollo di Autonomia as specified in GenAM Fit & Proper Policy;

3 In case the BoD do es not comply with opinion, the reasons must be clarified and made traceable.
4 Art 6, 2 novies of the Consolidated Law on Finance.
5 Independent directors are those who do not maintain, even indirectly, any relationship with the company or persons linked to it that would affect their autonomous judgement.

22. For at least two years after termination of the unrelated Independent Directors' office, the Company does not hold significant work, professional or business relationships therewith;
23. The provision that the unrelated Independent Directors must be provided, on occasion of BoD and suitably in advance, of the information necessary to assess completely and in detail the degree of independence and autonomy of the decision-making process with respect to investment choices that are submitted to BoD for approval.the set-up of an internal control system with independent Control Functions.
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In any case, GenAM acts with integrity and based on adequate professional standards, in accordance with the best interests of its Clients/ Investors/ CIS.

In the transactions with Group companies, GenAM acts as not to preventing the objectivity and impartiality of decisions relating to such transactions.

# 4 Identification and management of conflicts of interest

For the identification of conflicts of interest, GenAM takes into account, *inter alia*, whether GenAM, a Relevant Person or a party falling under Group Companies or Participating Companies[6]:

- may realize a financial gain or avoid a financial loss, at the expense of the Clients and/or CIS / Investors;
- has an interest in the outcome of the CIS or of the transaction carried out on behalf of the CIS and of the investment service, which is distinct from the interest of the CIS or of the Client;
- has a financial or other incentive to favor the interests of another CIS or of other Clients over the interests of the CIS or of the Client concerned;
- has a financial or other incentive to favor:
  - the interests of a CIS it manages, an Investor or group of Investors, over the interest of another CIS it manages or another Investor;
  - the interest of one Investor over the interest of another Investor or group of Investors belonging to the same CIS;
  - the interest of one Client over the interest of another Client or group of Clients;
- carries out the same activities provided to its Clients, the CIS it manages, for another CIS or client or Investor;
- receives or will receive from a third party, other than the CIS it manages or its Clients and/or Investors, an inducement in relation to the services provided to the CIS, as well as its Clients and/or Investors, in the form of money, goods or services other than the standard commission or fee for that service.

In order to identify all the circumstances from which conflicts of interest may arise, GenAM takes into account all the services it or a Group Company relevant for the purposes of the Policy provides, in particular:

- the provision of collective asset management services through the setting up, management and promotion of CIS, and the administration of relations with participants;
- the provision of Individual Portfolio Management service;
- the provision of Investment Advisory service;
- the marketing units or shares of its own and third-party CIS and the promotion of the investment services provided;
- the provision of investment research.

GenAM offers the service of Reception and Transmission of Order (RTO) to Group companies.

GenAM also carries out promotional activities of own and third-party products of Group Entities.

Taking into account the above services and activities as well as the relevant regulatory framework and the Protocollo di Autonomia, the cases of conflicts of interest identified in the Policy are aggregated in the following categories that must be considered as applicable to all the services and activities carried out by GenAM:

A. Financial instruments and financing/investment opportunities selection;
B. Contractual counterparties selection;
C. Exercise of voting rights attached to the assets under management;
D. Other cases of conflicts of interest, which may be typical of/peculiar to GenAM's operations and which generally do not fall within the previously mentioned categories.

[6] Participating Companies means "Companies that have a direct or indirect shareholding which implies the control of, or the possibility of exercising a significant influence on, GenAM or that carries with it a share of 10 (ten) per cent or more of the voting rights or of the capital"

In identifying potential conflict of interest situations whose existence may harm the interests of the CIS, the Company includes the types of conflicts of interest that may arise as a result of integrating sustainability risks into its processes, systems and internal controls. These include conflicts of interest arising from:

- As for investments services provided, the integration of the client's sustainability preferences. In particular, to prevent greenwashing, financial instruments should not be recommended or traded as compliant with individual sustainability preferences if they do not meet those preferences([7]).
- the integration of sustainability risks into processes, systems, and internal controls, in order to maintain a high level of investor protection. Relevant Conflicts of Interest include those arising from the remuneration or personal transactions of the relevant staff members, those that could lead to greenwashing, mis-selling, or misrepresentation of investment strategies, and those between different AIFs managed by the same AIFM.
- the remuneration or personal transactions of relevant persons, those that could give rise to greenwashing, as well as those related to improper investments or divestments with respect to investment strategies and mis-selling or misrepresentation of investment strategies and those between different CIS managed.

The identified category of conflicts of interest are listed below.

## A. FINANCIAL INSTRUMENTS AND FINANCING/INVESTMENT OPPORTUNITIES SELECTION

A.1. Investment in Financial Instruments issued by Group Companies or Participating Companies

A.2. Investment in Financial Instruments placed by Group Companies or Participating Companies

A.3. Investment in units or shares of Conflicting Collective Undertakings

A.4. Investment in Financial Instruments of an issuer in which a Group company or a Participating company has a Significant Shareholding

A.5. Investment in Financial Instruments of an issuer having a Significant Shareholding in a Group company or in a Participating company

A.6. Investment in financing/investment opportunities or in Financial Instruments issued by Conflicted Financed Companies

A.7. Investment in Financial Instruments issued by companies appointed as delegated third party asset manager

A.8. Investment in Financial Instruments and / or in financing/investment opportunities of an issuer whose corporate bodies include Relevant Persons with operational powers or in which a Relevant Person holds a Significant Shareholding

A.9. Cross trades in Financial Instruments belonging to portfolios under GenAM's management

## B. CONTRACTUAL COUNTERPARTIES SELECTION

B.10 Selection or use of entities included under the Conflicting Entities List and/or under the Inducements Register for services, activities and functions connected to the provision of GenAM's authorized services and activities

B.11 Use of brokers / dealers providing GenAM with further services, activities and functions in addition to trade execution / order transmission

B.12 Selection of entities to manage Collective Investments Schemes

[7] It should be noted that 'greenwashing' refers to the practice of gaining an unfair competitive advantage by recommending, for example, a financial instrument as environmentally friendly or sustainable, while in fact, it does not meet basic environmental or other sustainability standards.

**C. THE EXERCISE OF RIGHTS ATTACHED TO FINANCIAL INSTRUMENTS BELONGING TO THE PORTFOLIO MANAGED**

C.13 Exercise of voting rights or provision of recommendations on voting rights and engagement activities re lating to Financial Instruments issued by entities included in the Conflicting Entities List

**D. OTHER CASES OF CONFLICTS OF INTEREST**

D.14 Redemption of investments

D.15 Credit Fund loan approval or purchase of credits from Group Companies or Participating Companies approval

D.16 Provision of the Investment Advisory Service

D.17 Provision of investment services (Individual Portfolios Management, Investment Advisory and RTO) and Collective Asset Management Service (CIS) along with the concurrent execution of proprietary trading activities on the same Financial Instrument, as well as "front running"

D.18 Product Governance for CIS

D.19 Co-investment

D.20 Consideration of sustainability risks and sustainability preferences - "Greenwashing" as for Products and Services provided and/or statements and communications made

D.21 "Greenwashing" as for the information/data used and the investment activity

D.22 Consideration of sustainability risks and sustainability preferences - "Greenwashing" as for remuneration practices

D.23 Investments Research

D.24 Investment in Financial Instruments regulated by shareholders' agreements which Group Companies or Participating Companies are a party to provided that such Group Companies holds a shareholding exceeding 3% of the issuer's capital, if listed, or exceeding 10% in all other cases

D.25 Investment in Financial Instruments that represent securitizations of receivables sold by Company's shareholders or by Group Companies or Participating Companies

D. 26 The granting of loans by a company belonging to the Group or a Participating Company to CIS managed by the Company

D.27 Close-Link

# 5 Non manageable conflicts of interest

Where GenAM is not reasonably confident that the organizational and administrative measures for managing the potential conflict will prevent or minimize the risk of damage to the affected Clients' and/or CISs' and Investors' interests.

***For investment services and ancillary services***, GenAM discloses any potential conflict of interest to their Clients, prior to act on their behalf. In any case, the disclosure of a conflict of interest to Clients does not exempt GenAM from the obligation to adopt and enforce effective organizational and administrative measures.

GenAM ensures that disclosure to Clients is taken as a last resort measure to be used only when effective organizational and administrative arrangements to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Clients' interests will be avoided.

The disclosure makes clear that the organizational and administrative arrangements made to prevent or manage the conflict of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented.

The disclosure shall include a specific description of conflicts of interest arising in the provision of services provided by the Company, taking into account the nature of the Client to whom the disclosure is directed.
The description shall explain in sufficient detail the general nature and sources of the conflicts of interest, as well as the risks to the Clients arising from the conflicts of interest and the actions taken to mitigate them, so as to enable the Clients to make an informed decision in relation to the investment or ancillary services in the context of which the conflicts of interest arise.

Disclosures must be made in due time before entering in the relationship with the Clients and include sufficient details to enable Clients to make an informed decision regarding GenAM's service in the context of which the conflict of interest arises. The assessment of which disclosure is more appropriate will depend on the specific circumstances including, for example, the nature of the conflict of interest, the knowledge and experience of the Clients and the type of transaction. In any case, any disclosure must always be fair, clear and non-misleading.

Where conflicts of interest cannot be managed through effective organizational measures, GenAM periodically make available to their Clients, by means of an appropriate durable medium, a disclosure of the situations of conflict of interest explaining the decision taken by the competent bodies or functions and the reasons for it.

***For Collective Asset Management Service***, the concerned Manager of the operational functions impacted by the non manageable conflict of interest submits the case to the BoD, after having consulted the Compliance Function, for prompt information and in order to allow the BoD to take any necessary decision or action, after hearing the Independent Directors, to ensure that the Company acts in the best interests of the CIS and or Investors.

Both for Investments and Collective Asset Management Services as well as for the ancillary services, the assessment of organizational and administrative measures for managing the potential conflict is made by the BoD with Compliance Function support, after hearing the Independent Directors.

# 6 Monitoring and supervision of conflicts of interest

Compliance Function is responsible for checking and assessing on an ongoing basis the suitability and effectiveness of the organizational procedures and the measures adopted for correctly managing conflicts of interest.

The Compliance Function submits a report to the BoD on the activities carried out in connection with conflicts of interests on a semi-annual basis, in the context of the ongoing, ex post, controls on such topic.

# 7 Register of conflicts of interest

In accordance with applicable regulations, GenAM has arranged and updates on a semi-annual basis a register, in electronic format, in which are recorded the types of activities undertaken by or on behalf of GenAM in which a potential and actual conflict of interest entailing a material risk of damage to the interests of one or more CIS or its Investors / Clients.

The Compliance Function is responsible for keeping and updating the register of conflicts of interest, based on the receipt of the above-mentioned information flows.

In addition, the register is updated whenever GenAM notices or receives information about the existence of cases for which has arisen or may arise a conflict of interest potentially eligible to seriously harm Investors / Clients/ CIS' interests.

Data and information within the register are made available upon any possible request arising from GenAM corporate bodies and/or Supervisory Authorities.

Access to the register is only allowed to the members of GenAM's Board of Directors, GenAM's Statutory Board of Auditors, Group's Internal Auditors, external Audit firm and Compliance Function and Supervisory Authorities.

# 8 Conflicts of interest disclosure

GenAM provides the potential and actual Clients and Investors with a synthetic description of the Policy.

The information on conflict of interest must be up to date and must be accessible continuously by means of that website for such period of time as the Client / Investor may reasonably need to inspect.

Moreover, GenAM shall provide to potential or actual Clients/ Investors that may request it, more details about the Policy.

Finally, the Company informs Assogestioni of the adoption of the Protocol di Autonomia, by sending the report defined in article 5(2) of Assogestioni Bylaws, by 30 June every year, indicating the variations from the report of the previous year.