



**Generali Insurance Asset Management  
S.p.A. SGR**

**CONTROVERSIAL WEAPONS &  
CONTROVERSIES EXCLUSION**

**WEBSITE VERSION**

[generali-invest.com](http://generali-invest.com)

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## Glossary and Definitions

Term	Definition
<b>CEO</b>	Chief Executive Officer
<b>CIS</b>	Collective Investment Schemes
<b>GIAM</b>	Generali Insurance Asset Management S.p.A. SGR

# 1. Introduction

## 1.1 SCOPE OF APPLICATION OF THE EXCLUSION POLICY

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

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

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

## 1.2 APPROVAL AND REVIEW

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

The list of issuers excluded is defined by ESG Integration and Solutions on the base of the involvement in specific business activities/controversies. The list is updated periodically, at least once a year or where necessary on the basis of the applicable regulatory requirements<sup>1</sup>.

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

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

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<sup>1</sup> Reference is made to the Italian Law no .220/2021 of 9<sup>th</sup> December 2021 "Ban on any form of financing of companies producing anti-personnel mines, cluster ammunition and submunitions".

## 2. Controversial Weapons

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

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

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

### 3. ESG Controversies Exclusion

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

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

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

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

The assessments of the ESG I&S team are promptly brought to the attention of the Investments area and integrated into GIAM's investment tools.

## 4. Process

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

The list is then integrated into GIAM's investment tools, as outsourced to Generali Investments Holding, used by portfolio managers in order to be flagged by blocking alerts.

Investments Function ensures the first level of control in monitoring the exposure towards issuers included in the Restricted lists (both GIAM and Client's own Exclusion lists) and periodically the Risk Management function, as second level of control, monitors the respect of the such limits.

For financial instruments, already purchased for managed portfolios, subsequently resulting issued by those companies identified as restricted the following actions apply:

- (i) hold to maturity
- (ii) perform opportunistic sales, depending on the individual case and considering potential constraints (e.g., balance sheet constraints, potential P&L impact for Group and Policyholders, market liquidity conditions, Asset and Liability Management constraints, Risk Management limits).