BANCA GENERALI

Sustainability Policy

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VERSIONING			
Version	**Date of approval**	**Summary description of amendments**	**Repealed/Replaced regulation**
004	20/06/2024	• The policy has been revised to include the principles and guidelines contained in the repealed policies and define the Group Sustainability Framework.	PY037 Policy for the Environment and Climate PY072 Active Ownership Policy PY057 Responsible Investment Policy
005	19/12/2024	• Diversity, Equity & Inclusion guidelines integrated into the Policy	
006	25/03/2025	• Changed the criteria for defining the restricted list	
007	20/10/2026	• Integrated Stakeholder Engagement approach • Changed the criteria for defining the Restricted List • Streamlining project • Integrated ESG approach with respect to Intermonte SIM's business.	

POLICY OWNER

Head of **Banking Group Sustainability**

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1 INTRODUCTION

This Policy formalizes the Banking Group's commitment to **integrating sustainability principles into its Operating Activities** (**Sustainable Corporate**) and **Business Activities** (**Sustainable Business**), promoting responsible conduct aimed at protecting the environment, creating social value and adopting sound governance safeguards, in compliance with applicable regulations, industry standards and stakeholder expectations.

1.1 Objectives and object of the Policy

The Policy defines the **Sustainability Framework of Banca Generali Group**, setting out its **principles, strategic guidelines and governance elements**. The Framework is consistent with the public commitments undertaken by the Group, including adherence to the UN Global Compact and the Principles for Responsible Investment (PRI), as well as with developments in the legislative and regulatory framework and the expectations of key stakeholders.

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2 ROLES AND RESPONSIBILITIES

Body / function	Responsibilities
Banking Group Sustainability	• coordinates the implementation and dissemination of the sustainability strategy at Group level, ensuring coordination among corporate functions, appropriate information flows, and the updating and implementation of this Policy.
Chief People Office	• defines and oversees the guidelines and principles on Diversity, Equity & Inclusion, implements them across the Bank's HR processes and promotes their dissemination throughout the organisation through the involvement of Top Management, Corporate Function Heads and employees.
CFO & Strategy	• in the person of the Manager in Charge of preparing the Consolidated Report, he is responsible for supervising the process of drafting the Integrated Annual Report, as well as its publication and dissemination, activating and involving all the necessary corporate functions.
Chief Risk Office	• defines the methodologies for identifying, assessing and monitoring ESG risks, supporting their integration into the Risk Appetite Framework; • assesses, for the profiles of competence, the financial and reputational risks deriving from ESG factors in the relevant transactions and their consistency with the RAF; • contributes to the definition of ESG risk mitigation measures and monitors their implementation by the competent functions, and the reporting to the corporate bodies, according to escalation processes defined in the risk policies.
Chief Compliance Office	• monitors the risk of regulatory non-compliance associated with the integration of ESG factors into the offer of financial products and services, ensuring the effectiveness of the safeguards to protect customers and investors
Chief Executive Officer and General Manager	• approves the internal regulations implementing the Policy, upon proposal by the relevant functions.
Management Committee	• analyses ESG issues at Group level, defining risks, opportunities, objectives and reporting methods.

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Board of Statutory Auditors	• in its capacity as supervisory body, it also oversees compliance with the requirements governing the Sustainability Statement, pursuant to Italian Legislative Decree No. 125/2024 and the applicable legislation.
Sustainability and Innovation Committee (CSI)	• supports the Board of Directors in integrating sustainability into business strategies and supervises their implementation; • periodically assesses the progress of ESG initiatives; • monitors ESG issues related to the Group's activities and relations with stakeholders, promoting the dissemination of the culture of sustainability.
Board of Directors (BoD)	• steers the Company towards sustainable success and long-term value creation for shareholders and other relevant stakeholders; • integrates climate and environmental risks into the corporate culture and strategy, as well as into the Risk Appetite Framework; • promotes an adequate level of ESG expertise among its members through ongoing training; • approves the Group's strategic sustainability objectives and targets and monitors their implementation; • approves the results of the Double Materiality Analysis and the Sustainability Statement.

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3 THE SUSTAINABILITY FRAMEWORK

The Banking Group believes that economic prosperity is built on social justice and sound environmental management. It therefore defines sustainability as the ability to create value in the long term, taking care of the environment and stakeholders along with pursuing financial performance.

To achieve its sustainable development targets, Banca Generali's **Board of Directors** has defined the **Sustainability Framework**, which guides the integration of sustainability into the Company's corporate and business processes.

The Framework encompasses the **Sustainability Ambition**, the **multi-stakeholder approach**, the **Double Materiality Analysis**, the **Sustainability Enablers** and the **guiding principles** applicable to **Operating Activities** and **Business Activities**, as described in the following paragraphs.

Banca Generali's Board of Directors has also granted the Chief Executive Officer the power to define and approve more detailed guidelines regarding certain strategic principles included in this Policy.

General Counsel & Sustainability coordinates the dissemination of these guidelines to the Subsidiaries, which transpose them in accordance with the applicable legal and regulatory requirements, adopting, where necessary, more restrictive local requirements. The top management of the Subsidiaries ensures their formal adoption, dissemination and proper application within their respective business activities.

3.1 The Sustainability Ambition

In line with Banca Generali's Vision and Mission and the Charter of Sustainability Commitments, the Banking Group **contributes to the pursuit of the Sustainable Development Goals** identified by the United Nations (SDGs) by integrating sustainability through a multi-stakeholder approach aimed at creating sustainable long-term value and managing ESG risks, opportunities and impacts throughout the value chain over the short, medium and long term.

The Banking Group also recognises **climate change** and **respect for human rights** as priority issues and is committed to integrating these aspects into its business processes and relationships throughout the value chain, in line with relevant international standards.

3.2 Multi-stakeholder approach

The Group promotes a multi-**stakeholder approach** aimed at integrating the perspectives, expectations and interests of stakeholders that may affect or be affected by its activities.

To this end, the Group **identifies** and **periodically updates the relevant stakeholder categories**, considering its activities, value chain, operating context and sustainability topics. The process is coordinated by **Banking Group Sustainability** within the Sustainability Framework and the Double Materiality Analysis.

Relevant stakeholders include, in particular:

- **internal stakeholders**, such as employees, advisors and other collaborators;
- **external stakeholders**, such as clients, shareholders, investors, suppliers, communities, institutions, authorities and other relevant counterparties.

Stakeholder identification and prioritization consider criteria such as **responsibility, influence, proximity, representation and strategic relevance**.

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The Group promotes **ongoing and structured dialogue** with relevant stakeholders through **differentiated engagement methods**, which may include information, consultation and participation activities. To this end, the Group may use surveys and listening activities, periodic meetings and round-table discussions, dedicated events, partnerships, local community initiatives, and institutional and digital communication channels. The methods and frequency of engagement are defined according to stakeholder characteristics, the nature of the relationship, the matters addressed and the materiality of the impacts, risks and opportunities identified.

Banking Group Sustainability coordinates the stakeholder engagement process at Group level, while the relevant corporate functions manage relationships with their respective stakeholders and ensure that the evidence gathered through such dialogue is collected and shared.

This evidence contributes to the identification and assessment of impacts, risks and opportunities related to sustainability topics and supports the Group's strategic planning process. Stakeholder engagement activities also enable the Group to monitor the level of satisfaction and expectations of the different stakeholder categories, fostering the continuous improvement of stakeholder dialogue and of the initiatives undertaken by the Group.

Adequate and regular information flows to the administrative and control bodies and the relevant functions ensure that stakeholder needs and expectations are taken into account in the Group's decision-making processes and in the pursuit of sustainable success.

3.3 Double Materiality Analysis

The **Double Materiality Analysis** enables the Banking Group to periodically **identify, assess and prioritise material sustainability topics and the related impacts, risks and opportunities**, supporting the Group's strategic planning, risk management and reporting processes.

These topics fall within the broader **ESG (Environmental, Social and Governance) factors**, examples of which are provided in the table below:

ESG factors	Examples of sustainability topics
Environment (E)	Aspects related to the quality and to the functioning of the environment and natural systems, including climate change; pollution; water and marine resources; biodiversity and ecosystems; resource use and circular economy.
Social(s)	Aspects related to the rights, well-being and legitimate interests of people and local communities, including working conditions; equal treatment and opportunities for all; other work-related rights; communities rights; rights of indigenous people; information-related impacts for consumers (e.g. privacy); personal safety of consumers; social inclusion of consumers.
Governance (G)	Aspects related to government of the companies and organizations, including corruption and bribery; corporate culture; protection of whistle-blowers; management of relationships with suppliers.

The Double Materiality Analysis process is coordinated by Banking Group Sustainability, with the involvement of the Chief Risk Office, in order to integrate risk assessment into the determination of materiality.

The analysis takes into account the regulatory and market context, evidence from benchmarking activities and stakeholders' expectations. The identified topics are assessed from the perspectives of **impact materiality (inside-out)** and **financial materiality (outside-in)**, considering actual and

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potential effects over the short, medium and long term[1]. The assessment and prioritisation of the topics take into account the opinion of the Bank's **Managing Committee**, the contribution of representatives of the **Subsidiaries**, in order to reflect the specific characteristics of the different entities within the Banking Group, the outcomes of the **Generali Group's materiality analysis**, as well as the involvement of relevant stakeholders and, where appropriate, external experts.

The outcomes of the assessment and stakeholder engagement activities contribute to determining the priority assigned to the identified topics. Based on the results of the analysis, the Group defines the list of material sustainability topics, which is submitted for approval to **Banca Generali's Board of Directors**, following the prior opinion of the **Sustainability and Innovation Committee**.

The Double Materiality Analysis is reassessed annually and updated in line with the Group's strategic plan. It may also be updated in the event of a significant change in the context occurring after the approval process.

3.4 Factors supporting Sustainability ("Enablers")

3.4.1 Sustainability governance

Banca Generali considers sustainability to be a fully-fledged **strategic orientation**, supported by sound internal governance that is enacted through the powers and responsibilities of the main corporate bodies, such as the Board of Directors, the Board Committees, the Board of Statutory Auditors, the Managing Committee, and the various business and control functions.
In particular, General Counsel & Sustainability, through Banking Group Sustainability, is tasked with coordinating the implementation and cascading of the sustainability strategy, through constant dialogue with the functions involved, on a case-by-case basis, in relation to the specific subject matter.

3.4.2 Internal regulations

The Banking Group recognises the formalisation of sustainability principles as a key element and integrates ESG topics and related risks and opportunities into its processes and **internal regulations**. In this context, Banking Group Sustainability, supported by the Chief Compliance Office, monitors developments in the relevant regulatory framework and best practices, promoting the corresponding update of internal regulations and business processes.

3.4.3 Risk framework

The integration of ESG factors into the risk management system is aimed at strengthening the Group's solidity and resilience. To this end, the ESG risk management framework provides for the following

- **analysis of ESG risk best practices and regulations:** analysis of ESG risk best practices and regulations issued by Supervisory Authorities and international and European standard setters. The alignment of internal regulations and the risk management framework with regulatory requirements is carried out consistently with, and proportionately to, the Group's business model;
- **identification of ESG risks:** as part of the Risk Inventory process, a materiality assessment of the ESG risks to which the Group is or may be exposed over the short, medium and long term is conducted at least annually and upon the occurrence of relevant events. The analysis considers environmental, social and governance factors as cross-cutting drivers of traditional

[1] Short-term horizon: up to one year. Medium-term horizon: from one to five years. Long-term horizon: more than five years.

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risk categories, including credit, market, operational, reputational and liquidity risks, distinguishing, with regard to environmental risks, between physical and transition risk drivers. Materiality is assessed using the PxExV methodology (Probability x Exposure x Vulnerability), supplemented, where appropriate, by scenario analysis;

- **integration of ESG risks into the Risk Appetite Framework**: ESG risks are integrated into the framework for determining risk appetite (RAF), both in the "Statement", which qualitatively defines the Group's positioning in terms of strategic objectives and the related risk profiles, and in the "Dashboard", through a thorough selection of the quantitative metrics and indicators developed and deemed most representative;
- **stress tests**: ESG factors are included in the Banking Group's capital adequacy and liquidity assessments and, where relevant, in the assessment of the sustainability of its business model and strategy. The analyses consider plausible but severe scenarios over time horizons consistent with the nature of the risks and, in any event, suitable for capturing their medium- to long-term effects;
- **reporting:** the Group ensures the availability, quality, completeness, granularity and traceability of the data required to identify, measure and monitor ESG risks. The Chief Risk Office periodically monitors ESG indicators and ensures that they are reported in the *Tableau de Board*.

3.4.4 Remuneration and incentives

Sustainability is integrated into **the Banking Group's** remuneration and incentive policy **as a lever for sustainable value creation** and **alignment with strategic objectives**, governance principles and stakeholder interests. The principles and guidelines defined at Group level are implemented by the Subsidiaries through remuneration policies and incentive systems consistent with their respective operating characteristics, business model and applicable regulatory framework.

To this end, the Group includes **specific ESG objectives and metrics** in **its short-term (STI) and long-term (LTI) incentive systems,** with the aim of strengthening the alignment between performance, responsible risk management and sustainable long-term value creation.

One of the objectives of the Remuneration and Incentives Policy is to ensure sustainable pay *for sustainable performance*, maintaining consistency between remuneration and performance and between compensation and the creation of value for stakeholders, as well as enhancing both the results actually achieved and how they have been achieved. In this regard, the Bank adopts a remuneration structure based on "*risk-adjusted*" performance, which at the same time does not encourage excessive risk-taking, including with respect to sustainability risks.

3.4.5 Monitoring and reporting

The Banking Group adopts a structured system for measuring, monitoring and reporting ESG performance, aimed at supporting the Corporate Bodies in integrating sustainability into decision-making, strategic and risk management processes.

ESG information is reported through **periodic disclosure documents** and **specific reporting tools** addressed to the Corporate Bodies and Top Management, including the Sustainability Dashboard, an information tool designed to provide a periodic overview of the progress of the Group's key ESG indicators and targets, supporting their steering and oversight activities.

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The Parent Company coordinates the collection, consolidation and monitoring of ESG performance at Group level, while the Subsidiaries ensure the quality, reliability and timeliness of data through appropriate organizational and control measures.

3.5 Sustainable Corporate

3.5.1 Integrity in corporate management

Integrity in corporate management is a fundamental principle for the Banca Generali Group, which constantly operates in compliance with laws, policies, internal regulations and professional ethics.

To this end, the Group adopts an **Internal Code of Conduct** (the "**Code**"), which defines the principles and rules of conduct to be followed by corporate officers, employees and collaborators, promoting a culture based on fairness, transparency and responsibility.

The Group is also committed to **preventing and combating non-compliant conduct** through adequate **control measures and dedicated reporting channels**, which guarantee the possibility of communicating any violations in a secure, confidential manner and in compliance with current legislation[2].

3.5.2 Fight against corruption and prevention of financial crimes

The Group operates in compliance with the highest standards of integrity, fairness and transparency, adopting a **zero-tolerance** approach to **any form of corruption, money laundering, terrorist financing and violation of applicable sanction regimes**.

This commitment is implemented through a comprehensive **internal regulatory framework**, comprising the Internal Code of Conduct, the Anti-Bribery and Corruption Policy, the Policy for Managing Money Laundering and Terrorist Financing Risk, and the Banca Generali Group International Sanctions Policy. These instruments define **principles, roles, responsibilities and control measures** aimed at preventing, identifying, assessing and managing the risks associated with unlawful or non-compliant conduct. As a member of the United Nations Global Compact, the Group shares and applies international principles on human rights, labour, the environment and the fight against corruption, committing itself to combating all forms of corruption in its activities and business relationships.

The Group promotes a **culture of legality and compliance** through **training** and **awareness-raising activities** addressed to corporate officers, employees, Financial Advisors and collaborators, as well as through a system of periodic controls and monitoring aimed at assessing their effectiveness. In line with the principles of integrity and fairness that underpin its activities, the Group does not make contributions, provide financing or offer any other form of support to political parties, candidates or political initiatives.

Finally, as part of its system for the prevention of money laundering and terrorist financing, the Group periodically performs **risk assessments** and ensures the continuous enhancement of its **organisational and control measures**, in order to ensure their effectiveness and alignment with developments in the regulatory and operating environment.

[2] For further details, see the Whistleblowing Policy.

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3.5.3 Privacy Protection and Cybersecurity

The **protection of personal data, information and digital assets** is a fundamental principle for the Group, which recognises data protection as an essential safeguard for protecting the fundamental rights and freedoms of customers, employees, consultants, suppliers and other stakeholders. The Group is therefore committed to ensuring that personal data are processed in accordance with the **principles of lawfulness, fairness, transparency, data minimisation, integrity and confidentiality**, in compliance with applicable regulations and the expectations of data subjects.

To this end, the Group has adopted a **comprehensive internal regulatory framework** which includes, inter alia, the Personal Data Protection Policy, the Security Policy, the ICT and Information Security Risk Analysis and Management Policy as well as additional internal provisions on cybersecurity and digital operational resilience, applicable to the Subsidiaries and, where relevant, to suppliers who process data or provide services on behalf of the Group. These provisions define **principles, roles, responsibilities and control measures** aimed **at protecting personal data, information security** and **preventing cyber risks**.

Personal data protection and information security are integrated into the Group's risk management system according to a **risk-based approach**, which provides for the prior assessment of risks to the rights and freedoms of data subjects and, where necessary, the performance of specific Data Protection Impact Assessments (DPIAs).

The Group also adopts **organisational, technological and IT security measures** aimed at preventing unauthorised access, loss, alteration or improper disclosure of data and information, while promoting training and awareness-raising activities for employees, collaborators and customers in order to increase awareness of IT risks and data protection.

Oversight of the privacy, cybersecurity and ICT risk management framework is ensured by the relevant functions within the Group's governance and internal control system. In particular, the Chief Security Office oversees information security, cybersecurity and the resilience of digital assets; the Chief Risk Officer ensures the integration and monitoring of ICT and cyber risks in the Group's risk management system; the Chief Compliance Officer, who also acts as **Data Protection Officer (DPO**) for the Bank and Group companies that do not have an independent local DPO, supervises compliance with personal data protection regulations, provides advice carries out and monitoring activities, and acts as a point of contact with the competent Authorities and data subjects. These functions ensure the continuous monitoring of risks and the effectiveness of the measures adopted, in accordance with the internal regulatory framework and applicable regulations, including GDPR and DORA Regulation.

3.5.4 Protection of human rights

The Banking Group recognises **respect for and protection of human rights** as fundamental principles of its business and is committed to promoting them throughout its entire value chain, in line with the United Nations International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the principles of the United Nations Global Compact, the fundamental Conventions of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the main applicable national and European standards.

To this end, the Group integrates **the protection of human rights** into its governance and risk management processes, supplier selection and monitoring, as well as into the identification and assessment of sustainability topics and related impacts, risks and opportunities, adopting an approach aimed at preventing, mitigating and monitoring potential adverse impacts on human rights related to its activities and the value chain.

The Group **opposes** all forms of **discrimination, abuse, exploitation or violation of human dignity** and recognises freedom of association and collective bargaining, as well as the right to safe and healthy working conditions.

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In its relationships with clients, the Group operates according to principles of **fairness, transparency, professionalism and customer centricity,** and is committed to offering products and services suited to clients' needs and to promoting their accessibility by fostering inclusive and non-discriminatory conditions of access. The Group promotes conduct based on fairness, transparency and accountability, refraining from adopting deceptive or misleading practices and ensuring high-quality standards in the provision of services. The protection of clients' personal data and information is ensured in accordance with applicable regulations and the Group's internal measureson data protection, cybersecurity and information security.[3]

In its relations with suppliers and business partners, the Group promotes **respect for human rights and workers' rights throughout the value chai**n, adopting selection, qualification and monitoring criteria based on transparency, impartiality, integrity and sustainability. Suppliers are required to adhere to the ethical and behavioural principles defined by the Group and to ensure decent and safe working conditions that respect human dignity. Any breach of the principles defined by the Group may result corrective measures, up to the suspension or termination of the contractual relationship.

With regard to its employees, the Group ensures **respect for fundamental rights** and **freedom of association and collective bargaining**, in line with the European Social Charter, the Internal Code of Conduct and the Charter of Sustainability Commitments. It also protects the health, safety and well-being of its people through risk prevention and the promotion of a culture focused on well-being at work.

3.5.5 Diversity, Equity & Inclusion

The Group recognises **Diversity, Equity & Inclusion (DE&I)** as a core element of its corporate culture and a strategic driver of the organisation's sustainable success, contributing to attracting, developing and valuing talent, fostering innovation and strengthening long-term competitiveness. In this context, the Group promotes an **inclusive, equitable and merit-based working environment**, founded on valuing diversity and individual characteristics, dialogue with employees and social partners, and on the reconciliation of personal and professional life. This commitment is also pursued through specific gender equality initiatives and the maintenance of the Gender Equality Certification.

DE&I principles are integrated into all **human resources management processes**, including recruitment, hiring, training, performance evaluation, professional development, career paths and remuneration, which are based on **merit, skills, behaviors and results**, without any discrimination based on personal characteristics or conditions protected under applicable law.

The Group adopts **a zero-tolerance approach to discrimination, harassment** and **retaliation** and promotes a **transparent** and **safe environment** in which people are encouraged to report non-compliant behaviour or behaviour that may potentially undermine human dignity.

3.5.6 Environment and climate change

The Group recognises **climate change** as one of the major environmental, social and economic challenges at global level and is **committed to contributing to the transition to a low-carbon economy.** This commitment is implemented through the **Climate Transition Plan**, which sets out objectives, targets and actions aimed at reducing greenhouse gas emissions and supporting the achievement of Group's medium- and long-term climate commitments, including its Net Zero target.

To this end, the Group promotes the **reduction of direct and indirect environmental impacts** through the **efficient use of resources**, the progressive decarbonisation of its activities and value chain, the integration of environmental factors into investment, risk management and procurement processes, as well as raising awareness among its stakeholders of responsible behaviours.

[3] For further details, please refer to paragraph 3.5.1.2.

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Progress towards the **achievement of climate targets** is **regularly monitored** through specific indicators and targets, in line with the Sustainability Framework, the Climate Transition Plan and the commitments undertaken towards stakeholders.

3.5.7 Relations with institutions and shareholders

The Group fosters transparent and ongoing dialogue with shareholders, investors and the financial community, in compliance with the highest ethical standards and applicable regulatory and internal provisions.
To this end, it ensures **clear, accurate and timely communication** on its strategies, results and objectives through the main corporate reporting documents and channels. The Group also encourages dialogue with the market and industry associations, contributing to the protection of stakeholders' interests and the pursuit of strategic and sustainable development objectives.

3.5.8 Community relations

The Group recognises its role in **contributing to the sustainable development of the communities** in which it operates and is committed to creating shared value over the long term by promoting **initiatives consistent with its values of sustainability, innovation, education, inclusion and heritage protection**.
To this end, **it supports and implements social, cultural, educational and solidarity initiatives**, also in collaboration with bodies, institutions, universities, associations and third-sector organizations, contributing to the promotion of financial and sustainability education and supporting people and communities in vulnerable situations.
The Group also promotes **charitable and volunteering activities,** as well as **partnerships with a positive social impact**, in line with the principles set out in the Internal Code of Conduct and with the aim of contributing to the achievement of the United Nations Sustainable Development Goals.

3.6 Sustainable Business

In line with the commitments undertaken by signing the UN Principles for Responsible Investment (UN PRI) and the principles of the UN Global Compact (UN GC), the Banking Group integrates ESG factors into its **investment, financing and financial services processes**, with the aim of identifying, assessing and managing sustainability risks, opportunities and impacts. This approach applies, according to criteria proportionate to the nature of the activities performed and the applicable regulatory framework, to **proprietary portfolio management**, the **provision of individual portfolio management** and **collective asset management services**, **investment advice** and **investment research, market-making activities**, the **selection of counterparties and asset managers**, as well as **lending** and **Corporate & Investment Banking activities**.
With regard to products, financial instruments and services already in place at the effective date of this Policy, the Bank and its Subsidiaries shall ensure their gradual alignment with the principles and criteria set out herein within six months, taking into account their specific operating characteristics and acting in the best interests of clients.

3.6.1 ESG integration

The integration of ESG factors is based on the analysis of sustainability risks and opportunities, carried out according to criteria proportionate to the nature of the activities performed. For this purpose, the Banking Group draws on information from qualified internal or external sources, including: (i) specialised information providers; (ii) publicly available information (e.g. websites, financial statements, etc.); (iii) information obtained directly from the companies/counterparties

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concerned; (iv) other specific reports used for company measurement and assessment; and (v) specialised research companies.

Where applicable and depending on the nature of the business, the approach adopted is based on a combination of:

- **Negative screening**, based on exclusion criteria for companies involved in controversial activities or in serious ESG controversies;
- **Positive screening**, based on ESG assessment criteria aimed at identifying issuers, counterparties or activities with positive ESG characteristics or performance, also through the use of ESG scores;
- **Active Ownership**, through engagement activities and the exercise of voting rights, aimed at promoting sustainable practices and contributing to the mitigation of risks and impacts associated with ESG factors.

Furthermore, where applicable, the Banking Group considers and monitors the principal adverse impacts (PAIs) of investment decisions on sustainability factors, ensuring their periodic assessment and related disclosure in accordance with applicable regulations.

The Group integrates ESG factors into the selection and monitoring processes for counterparties and asset managers, as well as into the lending process, through specific ESG assessments[4], including the assessment of physical and environmental risks associated with real estate collateral for non-retail clients.

3.6.2 Negative screening criteria and scope of application

The integration of sustainability risks into investment decisions is aimed at identifying and managing environmental, social and governance factors that, should they occur, could have a significant negative impact on the value of the investment (e.g. reputational risk). In particular, consideration is given to areas such as environmental impact, respect for human rights, working conditions and occupational health and safety, and corruption prevention practices.

Through the application of negative screening criteria, the Bank defines a **Restricted List**, which includes companies that:

a) violate the Treaty on the Non-Proliferation of Nuclear Weapons;
b) are directly or indirectly, through subsidiaries or associated companies, involved in the production, research, development, financing or sale of anti-personnel mines, cluster munitions and submunitions, of any kind or composition, or parts thereof, as well as biological/chemical weapons, also pursuant to applicable local regulations (e.g. Italian Law no. 220/2021);
c) are involved in one or more controversies pursuant to the UN Global Compact, such as serious or systematic violations of human rights or labour rights, serious environmental damage, corruption or violations of the OECD Guidelines;
d) are significantly involved in coal trading or other "controversial" activities (e.g. unconventional oil and gas extraction, tar sands, tobacco and adult entertainment). No tolerance threshold

[4] Including the assessment of physical and environmental risks associated with real estate collateral for non-retail clients.

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applies to adult entertainment, while a residual threshold of exposure as a percentage of consolidated turnover applies to the other activities;

e) operate in the conventional defence sector and are domiciled in non-EU or NATO countries, subject to a residual threshold of exposure as a percentage of consolidated turnover.

The Banking Group also excludes governmental issuers subject to UN sanctions in accordance with the Charter of the United Nations and does not grant loans or guarantees to natural or legal persons subject to international financial sanctions programmes.

The Bank may also assess the inclusion in the Restricted List of additional sectors with a high impact on sustainability factors and, in justified and limited circumstances, submit requests for exceptions to the Chief Executive Officer of the Parent Company, after consulting the Sustainability and Innovation Committee.

These restrictions apply to **proprietary portfolio management, individual portfolio management and collective asset management, investment advice and research services, as well as** the lending process, in accordance with the relevant internal regulations.

With regard to **Corporate & Investment Banking** activities, the Group adopts a **risk-based and case-by-case** approach, integrating specific ESG assessments proportionate to the type and risk profile of the transaction, with escalation, where appropriate, to the relevant Corporate Bodies and committees.

3.6.3 Positive screening criteria and scope

Positive screening applies to the individual portfolio management service and collective asset management and is implemented according to the characteristics of the financial product or service offered.

In particular, where a financial product or service promotes environmental and/or social characteristics (pursuant to Article 8 of Regulation (EU) 2019/2088) or has sustainable investments as its objective (pursuant to Article 9 of Regulation (EU) 2019/2088), in addition to negative screening, **positive screening** is performed based on an **ESG score** provided by an external information provider. The ESG score is assigned across all asset classes, including corporate and sovereign issuers, UCITs and ETFs, and is aimed at identifying the so-called ***"best in class"*** investments.

As part of its **investment advisory service**, in addition to the information on the product's sustainability characteristics provided by the management company (e.g. SFDR classification, percentage of sustainable or eco-sustainable investments, PAIs considered), Banca Generali also uses the ESG score. This indicator strengthens safeguards against greenwashing risk and guides recommendations towards products with a higher score, while taking into account the sustainability preferences expressed by the client.

3.6.4 The Active Ownership Approach and Scope

The Banking Group is committed to effectively managing, on behalf of its stakeholders, sustainability matters relating to the companies in which it invests, as part of the provision of individual portfolio management and collective asset management services, through **engagement and voting activities (Active Ownership).**

The Active Ownership approach applies to Direct Assets and Indirect Assets held in portfolios managed under products and services classified pursuant to Articles 6, 8 and 9 of Regulation (EU) 2019/2088.

The Banking Group exercises voting rights at shareholders' meetings in respect of shares issued by companies included in UCITs directly managed by the Group and, where delegated by the client, also in respect of individual portfolio management services.

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4 POLICY MANAGEMENT AND REGULATORY REFERENCES

4.1 Document Management

This Policy is approved through a resolution passed by the Bank's Board of Directors, based on a prior preliminary analysis by the Sustainability and Innovation Committee. Amendments to the Policy classified as "of lesser importance" are governed by the "Guidance Policy on the Preparation and Updating of Corporate Policies and Regulations". Banking Group Sustainability (hereinafter, the "**Owner**") is responsible for verifying, at least every two years from the date of issue/last revision, whether the Policy needs to be updated, taking into account its compliance with the relevant regulatory framework, the strategy of the Bank and the entire Banking Group, and the operational and organisational context in which the Bank and the Banking Group operate.

4.2 Regoluatory framework

External regulations

- Regulation (EU) No. 2019/2088 (so-called SFDR) on sustainability-related disclosures in the financial services sector;
- Italian Legislative Decree No. 58/1998 (TUF);
- Consob Intermediaries Regulation;
- Directive 2014/65/EU (MiFID II) of the European Parliament and of the Council of 15 May 2014 and further implementing measures contained in secondary Regulations and Directives, as well as the related national transposing provisions;
- Directive 2009/65/EU (UCITS) of the European Parliament and of the Council of 13 July 2009 and further implementing measures contained in secondary Regulations and Directives;
- Directive (EU) 2017/828 (so-called "Shareholder Rights II") of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement;
- Directive (EU) 2022/2464 (so-called CSRD) of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting;
- Italian Stewardship Principles for the exercise of administrative and voting rights in listed companies and the best-practice recommendations defined by Assogestioni and inspired by the EFAMA Code for External Governance;
- Principles for Responsible Investment (PRI) promoted by the United Nations, of which the Banking Group has been a signatory since December 2022.

Internal regulations

- Charter of Sustainability Commitments;
- Internal Code of Conduct;
- Whistleblowing Policy;
- Reputational Risk Management Policy;
- Operational Risk Management Policy;
- Strategic Risk Management Policy;
- Financial Portfolio Risk Management Policy (market, counterparty and credit risks of financial instruments);
- Credit Risk Management Policy;
- Risk Appetite Statement;
- Credit Regulation;
- Commercial and Product Governance Policy;
- Ethical Code for Suppliers of the Generali Group;

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- Regulation on the Portfolio Management Investment Process;
- Responsible Investment Policy – Proprietary Portfolio;
- Policy on the Provision of Investment Advisory Service;
- Rules of the Board of Directors and the Board Committees of Banca Generali;
- Diversity Policy for Members of Company Bodies;
- Anti-Corruption Policy;
- Money Laundering and Terrorist Financing Risk Management Policy;
- International Sanctions Policy;
- Personal Data Protection Policy;
- Rules of the Board of Statutory Auditors;
- Internal Regulations on Procurement;
- Policy for Determining the Banking Group's Remuneration and Incentive Policies;

4.3 Scope of application

This Policy applies to Banca Generali and its Subsidiaries.

The Subsidiaries implement the Policy in compliance with the legal and regulatory requirements applicable to their activities or place of incorporation. If one or more provisions contained in the Policy are less restrictive than applicable local regulations, the company concerned shall apply the more restrictive local requirements in force. The Subsidiaries' Boards of Directors are required to adopt the Policy approved by Banca Generali by means of a specific resolution, thereby assuming responsibility for ensuring awareness of the Policy and its application within their respective areas of responsibility and core business activities.

If conflicts with local laws or regulations arise or if, in application of the principle of proportionality, it becomes necessary to derogate, in whole or in part, from the Policy, the Chief Executive Officer or General Manager of the relevant Banking Group company shall provide Banca Generali in advance with comprehensive and duly reasoned evidence of the need for such derogation. Banca Generali shall then approve or reject the request.

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5 Glossary

Banca Generali or Bank or Company or Parent Company

Banca Generali S.p.A.

Operating and Business Activities

The activities carried out by the Group throughout its value chain, including both the operating and organisational activities related to the management of the business and the Banking Group's business processes aimed at providing products and services.

Direct Assets

Investments in equity or bond securities issued by companies.

Indirect Assets

Investments held indirectly in companies through investments in fund units (e.g. UCITS, ETFs).

Value chain

The activities, resources and relationships that contribute to the Group's value creation throughout its entire operating cycle, including upstream activities (e.g. suppliers and partners), core business activities (activities carried out by the Group) and downstream activities (e.g. clients, distribution and impacts generated by products and services).

Subsidiaries

The companies controlled from time to time by Banca Generali and belonging to the Corporate Group.

Internal Code of Conduct or Code

The Code that sets out the rules of conduct for those who work or act on behalf of Banca Generali, with a view to ensuring conduct in accordance with the highest standards of business integrity.

Ethical Code of Suppliers for the Generali Group

The Code adopted by Banca Generali setting out the principles of behaviour and conduct expected of the contractual partners of Generali Group companies, including compliance with the principles of ethics, propriety, fairness and transparency, as well as with regulations concerning the protection of confidentiality, workers and the environment.

Corporate & Investment Banking (CIB)

The financing, advisory and financial services activities provided to institutional and corporate counterparties and public-sector entities, including structured finance transactions, capital markets activities and advisory services.

United Nations Global Compact or UN Global Compact (UN GC)

A United Nations initiative that promotes the adoption by companies of responsible business principles relating to human rights, labour, the environment and anti-corruption.

Banking Group or Group

The corporate group comprising the companies associated with one another by virtue of the control exercised by Banca Generali.

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PAIs (Principal Adverse Impacts)

Material or potentially material principal adverse impacts of investment decisions on sustainability factors, as defined by Regulation (EU) 2022/1288.

Sustainability Statement

An integral part of the Annual Integrated Report describing material ESG impacts, risks and opportunities and how these are integrated into the Group's strategy and business model.

Sustainability Ambition

The Banking Group's ambition to generate long-term value for the benefit of all its stakeholders, by being an active member of the community and playing an active role that extends beyond its day-to-day business activities.

Relevant stakeholders

Institutions, organisations, groups or individuals that may affect or be affected by the Group's activities and whose interests, expectations and needs are taken into account in decision-making and sustainability processes and in the management of ESG risks and opportunities.

Top Management

Individuals entrusted with executive responsibility for the Company, such as the General Manager, Chief Executive Officer or equivalent roles.

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