



Summary of Policy on the Prohibition of Investment in Manufacturers of Anti-Personnel Mines and Cluster Munitions and Submunitions

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References

- [1] Law No. 220 of 9 December 2021 identifying “Measures to ban the funding of manufacturers of anti-personnel mines, cluster munitions and submunitions”, enacted to implement the Ottawa Convention of 18 September 1997 (ratified by Law No. 106 of 26 March 1999) and the Oslo Convention of 30 May 2008 (ratified by Law No. 95 of 14 June 2011).

Changes to the Document

Versions	Date	Description of Changes
00	22/12/2022	First issue and approval by the Board of Directors
01	03/02/2025	Policy update for the introduction of measures for enhanced controls on the ban on funding manufacturers of anti-personnel mines, cluster munitions and submunitions

1. Introduction and Overview

This policy governs the guidelines adopted by ANIMA SGR (hereinafter, “the Company” or the “SGR”) in compliance with the provisions of Law No. 220 of 9 December 2021 on the identification of “Measures to ban the funding of manufacturers of anti-personnel mines, cluster munitions and submunitions” (hereinafter, the Law), issued in implementation of the Ottawa Convention of 18 September 1997 (ratified by Law No. 106 of 26 March 1999) and the Oslo Convention of 30 May 2008 (ratified by Law No. 95 of 14 June 2011). The Policy also takes into account the *“Instructions issued by the Bank of Italy, COVIP, IVASS and MEF for the implementation of enhanced controls over the operations of authorised intermediaries to counteract the funding of manufacturers of anti-personnel mines, cluster munitions and submunitions”*.

Under the new regulatory framework, authorised intermediaries, which include Italian asset managers, must first of all adopt appropriate procedural controls, using a risk-based approach and adhering to the principle of proportionality. The controls shall vary in accordance with activity type, size and operational complexity, and be appropriately formalised within the internal rules and designed to ensure compliance with the law.

By virtue of the controls implemented and governed by the following policy, it is considered that Anima SGR's operating model presents a low risk of breach of the law.

The legal ban applies indiscriminately to all products managed by Anima SGR (the OICRs, the Arti & Mestieri Pension Fund and individual portfolio management schemes).

2. Governance

In order to ensure the proper implementation of the adopted policies, Anima SGR has defined a governance system with the following significant features: (i) the leading role of the Board of Directors, which resolves on the Policy and receives periodic reporting on the monitoring of the implementation process and controls, and on the reporting of any breaches; (ii) the executive role of the Investment Committee, which is called on to take the necessary resolutions to manage the process, and to periodically report on monitoring and/or breaches; (iii) the central role of the ESG Committee, which performs propositional, evaluation and monitoring functions with the support of the Investment Principles Service; (iv) the usual control role of the Compliance and Risk Management Services, which is responsible for the areas of competence, control activities, the reporting of breaches and reporting to corporate bodies and Supervisory Authorities.

3. Organisational measures to counteract the funding of manufacturers of anti-personnel mines, cluster munitions and submunitions

3.1. Ban on investment

In order to counteract the funding of manufacturers of anti-personnel mines, cluster munitions and submunitions, the SGR bans investment in issuers that fall within this operating scope.

Banned issuers are included in an “exclusion list” updated at least monthly and based on the following criteria:

- issuers that appear in publicly available lists (known as “public lists”);

- issuers classified as banned in the light of information from “info providers” used by the SGR.

The exclusion list is used for the following purposes:

1. Blocking issuers: issuers in the company information systems on the exclusion list are blocked.
2. Monitoring outstanding positions: any positions in issuers included in the exclusion list are checked. If any banned titles are detected, disinvestment is carried out and reported to the Supervisory Authorities.
3. Assigning risk profiles for direct investments: risk profiles are assigned to the issuers under investigation in coincidence with the updating of the exclusion lists.

3.2. Enhanced verification

To mitigate risk, certain management constraints are also applied with regard to issuers not included in the public lists and not subject to a specific assessment by the info provider regarding “Anti -Personnel Mines and Cluster Munitions”.

3.3. Reporting to the Supervisory Bodies

In the case of detection of investments in financial instruments linked to issuers on the exclusion list, the SGR shall promptly report them to the Supervisory Authorities in accordance with procedures under applicable regulations.

4. Criteria and methods for selecting and changing information sources

Companies subject to the investment ban are identified by means of an exclusion list, updated each month and based on:

- evidence of publicly available lists (known as “public lists”);
- findings from research provided by the company's info providers.

In particular, the public lists are selected and used on the basis of the following criteria:

- free accessibility and availability of data;
- periodicity of information updates;
- reliability of the data shown.

5. Application rules for different investment types

Given the low risk of breach of the regulations and the principle of proportionality, the SGR adopts the following application rules, broken down by investment type.

5.1 Direct Investments

Issuers in the investable universe are attributed with a risk profile regarding involvement in banned activities, based on evidence from two information sources (info providers and public lists) and by the assignment of two risk classes.

For issuers that are neither on the public lists nor subject to the info provider's analysis, the attribution of a risk profile is based on an internal methodology characterised by three different risk classes, each subject to certain management limitations.

5.2 Indirect Investments

5.2.1 Actively managed third-party funds

Due Diligence is carried out to ensure that banned issuers do not appear in actively managed third-party funds. It also has the purpose of ensuring that third-party funds fulfil substantial and equivalence criteria-based compliance with the ban on investing in issuers prohibited by the Ottawa and Oslo Conventions.

5.2.2 Derivatives

These instruments are used to achieve efficient portfolio management and do not constitute a form of funding and/or financial support of the underlying issuers.

However, to limit the chances of even indirect exposure to banned securities, the following rules apply:

- derivatives on single names or baskets of securities: the same rules apply as for underlying issuers;
- derivatives on sector indices: only the Defence/Aerospace sectors are banned;
- derivatives on broad market indices: these are allowed, depending on their diversification and representativeness in relation to their reference market, or the purpose for which they are used (efficient management, hedging or portfolio exposure to certain markets).

5.2.3 Third-party funds - passive ETFs and index funds

These instruments are admitted on the same grounds as derivatives on broad market indices, with the exception of those in the Defence/Aerospace sector, which are banned.

6. Management authorisation

In case of management authorisation, the authorising party shall ensure that the authorised party has adopted regulatory compliance measures equivalent to those adopted by the former. If the measures are not deemed adequate, the authorising party shall require compliance with its own Policy. The authorisation contract must govern these aspects and the authorising party's controls.

This measures applies in the case of management delegation both when the Company is the authorising party and when it is the authorised party.

7. Final Provisions

This Policy is addressed to all staff of Anima SGR. A summary of it is available for all stakeholders on the company's website.

Any amendments or supplements to this Policy are subject to approval by the Board of Directors. Amendments and supplements of a purely formal nature (e.g. adjustments in line with legal and/or regulatory provisions, internal company regulations or the Company's organisational structure) may be approved severally by the Chairperson or the CEO.