

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] Italian Law no. 220 of 9 December 2021 containing identification of “Measures to counter the financing of manufacturers of anti-personnel mines and cluster munitions and submunitions”, issued in implementation of the Ottawa Treaty of 18 September 1997 (ratified by Italian Law no. 106 of 26 March 1999) and of the Convention on Cluster Munitions signed in Oslo on 30 May 2008 (ratified by Italian Law no. 95 of 14 June 2011).

Changes to the Document

Versions	Date	Description of Changes
00	21/12/2022	First issue and approval by the Board of Directors
01	27/02/2024	Review for annual update and reformulation of scope of application. Board of Directors approval.
02	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 Alternative SGR (hereafter, the “Company” or the “AMC”), in line with the dictates of Italian Law 220 of 9 December 2021, which identifies “Measures to combat the financing of manufacturers of anti-personnel mines, cluster munitions and submunitions” (hereafter, the “Law”), issued in implementation of the Ottawa Convention of 18 September 1997 (ratified with Italian Law 106 of 26 March 1999) and the Oslo Convention of 30 May 2008 (ratified with Italian Law 95 of 14 June 2011), which introduced “the complete prohibition on financing companies of whatever legal form, headquartered in Italy or abroad, which, directly or through subsidiaries or associated companies, pursuant to article 2359 of the Italian Civil Code, manufacture, produce, develop, assemble, repair, store, utilise, hold, promote, sell, distribute, import, export, transfer or transport anti-personnel mines, cluster munitions or sub-munitions, of any type or composition, or parts of the same. It is also prohibited to carry out technological research, manufacture, sell or transfer, for whatever reason, export, import or hold cluster munitions or submunitions, of any type or composition, or parts of the same”. 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 ban on financing of manufacturers of anti-personnel mines, cluster munitions and submunitions.

By virtue of the controls implemented and governed by the following policy, it is considered that ANIMA Alternative SGR's operating model presents a low risk of breach of the law. absence in the last two years of cases of investments in issuers falling within the exclusion list.

The legal ban applies indiscriminately to all products managed by the SGR (for both closed and open AIFs) and to the Investment Order Transmission Service.

2. Governance

In order to ensure the proper implementation of the adopted policies, Anima Alternative SGR has defined a governance system with the following significant features: i) the Board of Directors resolves on the Policy (including the criteria/limitations contained therein), updates the list of prohibited issuers on proposal from the Investment Department, receives periodic reporting on the monitoring of the implementation process and controls, and on the reporting of any breaches; ii) the ESG Area performs propositional and monitoring functions following the public lists; iv) the Compliance and Risk Management Services engage in, 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 indicated in an “exclusion list” updated every six months by the Investment Department on the basis of issuers that appear in publicly available lists (known as “public lists”).

The Investment Department prepares the proposed exclusion list and presents it to the Board of Directors for review and approval.

The exclusion list is used for the following purposes:

1. **Monitoring outstanding positions:** any positions in issuers included in the exclusion list are checked. If any banned titles are detected, the most appropriate corrective measures are carried out and reported to the Supervisory Authorities.
2. **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

For issuers to whom a risk profile is attributed, the following enhanced verification process is carried out, differentiated based on the assigned risk level:

- High risk: monthly verification of the possible inclusion of the issuer in the approved public lists;
- Low risk: six-monthly verification of the possible inclusion of the issuer in the approved public lists.

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

The companies in which investment is prohibited are identified by an exclusion list, to be updated every six months, drafted on the basis of evidence from publicly available lists (known as “public lists”).

In particular, the above-mentioned 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 provided by the public lists, as well as on an internal methodology that uses the regulatory criteria of geographical location and the activity carried out for assigning the risk level.

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 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 sector, which are banned.

5.2.4 Order reception and transmission service

The provision of the service is subject to institutional customers only, for whom the adoption of appropriate measures to comply with the ban is verified (e.g. policies on sustainability and/or on Controversial Weapons/Anti-Personnel Mines/Cluster Munitions).

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 measure 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 the AMC. 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.