



Generali Group

RESPONSIBLE INVESTMENT GROUP GUIDELINE – ASSET OWNER

Group Investments, Asset & Wealth Management

[generali.com](https://www.generali.com)



EXECUTIVE SUMMARY

Generali Group (the Group) is strategically committed on Sustainability objectives for creating long-term value for its stakeholders, by **running a sustainable business** and **living the community**, playing an active role beyond day-to-day business.

As an Asset Owner with delegated asset management, the Group is committed to ensure the adoption of a responsible conduct in line with its principles and external commitments. Proactive integration of **Environmental, Social and Governance (ESG)** factors into the investment process, across asset classes, will support the Group in achieving both long-term financial returns and social good.

The objective of the Responsible Investment Group Guideline – Asset Owner (hereafter the Guideline) is to define an investment management framework at Group level for the adoption of a responsible conduct in investment activity. Key implementation actions are:

- integrating ESG factors into investment decision making, with the purpose of reducing the exposure to issuers whose behaviors are not aligned with Group's principles and investment strategy;
- impact investing, aiming at generating positive social and environmental impact for society and the environment, contributing to the objectives of the United Nations Sustainable Goals;
- investment stewardship: through engaging and voting, the Group plays its role of active owner aiming at influencing Issuers in enhancing their ESG practices for reducing risk and improving long-term performances;
- public engagement, disclosure and transparency towards all the key relevant stakeholders (i.e. institutions, national and international association, financial markets, analysts).

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1 Glossary and definitions

Acronym/Term	Explanation/Definition
CIU	Collective Investment Undertaking.
ESG	Environmental, Social and Governance.
ESG risk	Risks related to ESG factors. They typically do not constitute an autonomous category, since their impacts tend to materialize in the current risk categories identified by the Group Risk Management Policy (i.e emerging risks, but also financial, credit, insurance, operational, strategic and reputational).
GAM Cos	Group Asset Management Companies: Asset Management Companies belonging to Generali Group that are under the GCIO & CEO AWM coordination and control.
GCFO	Group Chief Financial Officer.
GCIO & CEO AWM	Group Chief Investment Officer and Chief Executive Officer Asset & Wealth Management.
Group CIU	Fund/SICAV established/managed by Group / Third Party Asset Management Companies, reserved to Insurance Companies investments.
GCRO	Group Chief Risk Officer.
Group	The Generali Group whose ultimate parent Company is Assicurazioni Generali S.p.A.
Group Insurance Companies	Each of (and All) the Group Consolidated Subsidiaries, classified within the Insurance segment, according to IFRS standard for Group consolidated financial reporting, as well as the Holding Companies controlling Insurance sub-Groups.
IFRS	International Financial Reporting Standards.
IMA	Investment Management Agreement.
Local	Refers to Bodies, organization Structures and/or activities performed at Country / Region Level.
PRI	Principle for Responsible Investment.
TP AMs	Third Party Asset Manager, not belonging to the Generali Group.

2 Introduction

Generali Group is a long-term investor with a duty to act in the best interests of its policyholders, shareholders and other stakeholders. The Group has developed a comprehensive guideline that sets out its position and beliefs on Responsible Investments.

The Group believes that the proactive integration of relevant Environmental, Social and Governance (ESG) factors into the investment process, across asset classes, will support it to achieve both financial returns and social good. For this reason Generali, as asset owner, is committed to ensure the adoption of a responsible conduct in line with the Group's principles and its external commitments. Generali, in fact, has signed its commitment to several initiatives:

- United Nations Global Compact in 2007;
- United Nations Principles for Responsible Investment (PRI) in 2011;
- UNEPFI PSI (Principles for Sustainable Insurance) in 2014;
- Climate Risk Statement of The Geneva Association in 2014;
- Paris Pledge for Action in 2015;
- EFR (European Financial Services Round Table) in 2015;
- Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) in 2018;
- Investing in a Just Transition project in 2018.

The objective of these initiatives is to support the incorporation of environmental, social and corporate governance principles into investment practices across asset classes and to monitor and report their implementation.

2.1 OBJECTIVES

Generali Group's aim is to play an active role in the ESG field, pursuing the following key objectives:

- encouraging high standards of corporate governance as well as good management of environmental and social risks and opportunities;
- ensure the application of responsible investments principles¹ within the Group investment management;
- promote acceptance and implementation of the principles² within the Group;
- reduce the risk, including reputational³ one deriving from ESG related misconduct, of involvement in activities not in line with the responsible investments principles.

The Guideline sets out key principles the Group should implement as an asset owner with delegated asset management. The Guideline outlines the principles and framework for responsible investments, to which the Group shall adhere (taking into account the scope, nature and complexity of the risks and business carried out as well as possible local regulatory requirements where applicable).

2.2 SCOPE OF APPLICATION

Scope by Legal Entity

The Guideline applies to:

- Group Insurance Companies with specific reference to investment portfolios as below defined;
- Group Asset Management Companies (GAM Cos), where applicable with specific reference to investment portfolios as below defined.

¹ Reference to paragraph 3.1.

² Reference to paragraph 3.1.

³ The related framework is defined in the Reputational Risk Group Guideline.

Scope by investment portfolio

The Guideline applies to the investments of the Group as asset owner and in particular to the following investment portfolios covering insurance provisions or shareholder capital of Group Insurance Companies:

- portfolios in which investment risk is borne by shareholders (e.g. shareholders' funds, P&C funds, Life funds with fixed pay-out);
- portfolios in which investment risk is shared between shareholders and policyholders (e.g. Life funds with profit sharing).

3 Responsible Investment Principles and Implementation Actions

3.1 RESPONSIBLE INVESTMENT PRINCIPLES

As a signatory of the Global Compact (in 2007) and of the United Nations Principles for Responsible Investment (2011), initiatives aiming at incorporating ESG topics into the investment decision making and ownership practices, the Group is committed in the fulfillment of the following six principles:

- to incorporate ESG issues into investment analysis and decision-making processes;
- to be active owners and incorporate ESG issues into Group's ownership policies and practices;
- to seek appropriate disclosure on ESG issues by the entities in which the Group invests;
- to promote acceptance and implementation of the principles within the investment industry;
- to work together to enhance effectiveness in implementing the principles;
- to report on activities and progress towards implementing the principles.

3.2 IMPLEMENTATION ACTIONS

3.2.1 Integration of ESG issues into the investment decisions

Group Ethical Filter

As part of its Responsible Investment strategy, the Group complements traditional fundamental analysis with ESG consideration to identify risks of investing in companies with poor ESG practices potentially impacting on their long-term financial performance and/or exposing the Group to higher reputational risk.

The identification and prioritization of the relevant ESG factors is carried out by Group Investment Management Solutions (GIMS) / Group Investment Governance and Stewardship in collaboration with Group Communications & Public Affairs – Group Sustainability & Social Responsibility.

The Group considers the following controversies and/or business sectors as relevant in the ESG assessment:

- involvement in controversies which potentially infringe the principles of United Nation Global Compact:
 - companies involved in serious or systematic human rights and/or labour rights violations;
 - companies involved in severe environmental damages;
 - companies implicated in cases of gross corruption and bribery.
- involvement in controversial business sectors:
 - armament and weapons that violate fundamental humanitarian principles through their normal use (cluster bombs, antipersonnel landmines, nuclear weapons, biological and chemical weapons);
 - coal.

Based on the ESG assessment, Companies revealing their involvement in the above controversies and/or in the above business sectors are either (i) excluded from the investment universe if not meeting Group requirements (Restricted List) or (ii) strictly monitored and possibly engaged if presenting some poor ESG practices (Watch List).

Companies included into the Watch List are strictly monitored to follow up the evolutions of ESG controversies over time, and possibly engaged to clarifying relevant allegations and remedial action taken. Additionally, the investment portfolio is periodically monitored to assess exposure to such companies, and for new investments the information regarding the overall assessment (both financial and non-financial⁴) is provided to the Responsible Investment Committee.

⁴ Including potential reputational risk implications related to the issuer.

The Group adopts a specific Governance Framework aiming at:

- identifying and evaluating Companies presenting ESG controversies and/or involved in above mentioned controversial sector (GIMS/Group Investment Governance and Stewardship);
- deciding to exclude from the investable universe companies based on the above mentioned exclusion criteria (Restricted List) (GCIO & CEO AWM);
- deciding to strictly monitor companies presenting some poor ESG practices (as mentioned above) but not to be excluded for the time being (Watch List) (GCIO & CEO AWM);
- taking decision on existing relevant exposure to Restricted / Watch Listed Companies (GCIO & CEO AWM);
- providing periodical monitoring and reporting to the relevant Group and Local structures/functions (GIMS/Group Investment Governance and Stewardship);
- review the overall exposure to sensitive transactions (i.e. exposures in counterparties in ESG lists) (GCRO).

A Responsible Investment Committee (RIC) is in charge for supporting the GCIO & CEO AWM in:

- integrating ESG criteria into the investment decision process;
- evaluating issuers not aligned with the ESG criteria set out by the Group and taking a decision regarding their possible inclusion in Restricted List or Watch List;
- discussing and reviewing the results of the monitoring activities of Group exposure to ESG risk from investment and follows up the implementation of GCIO&CEO AWM decisions.

Climate change strategy

The Group is committed to promote the transition towards a low-carbon economy, integrating the social dimension into the climate strategy and disclosing the risks and opportunities associated with climate change.

To these purposes, the Group:

- monitors portfolio's exposure to Carbon-intensive Companies;
- integrates investment strategies aimed at managing and reducing the portfolio's carbon emissions;
- integrates investment strategies to promote green/sustainable investments.

3.2.2 ESG integration and Delegated Asset Managers

The Group requires its asset managers, both Group's and Third Parties, to follow the Group ESG integration criteria set forth in this Guideline or, as an alternative, to adopt own guidelines consistent with principles adopted by the Group.

When Group investments are carried out through delegated Asset Managers (GAM Cos or TP AM⁵) the following measures apply:

Group Asset Management Companies (GAM Cos)

The Group requires GAM Cos to adopt and comply with Group ESG integration criteria when:

- managing Individual Portfolios through IMA⁶ awarded by Group Insurance Companies;
- establishing and managing Group CIUs⁷ reserved to Group Insurance Companies' investments.

Third Party Asset Managers (TP AM)

The Group integrates ESG factors in the selection, appointment and monitoring process for TP AMs.

⁵ Throughout Investment Management Agreement or investing in quote/shares of CIUs.

⁶ In case of IMA awarded to delegated Asset Managers, Local Chief Investment Officers are in charge of providing them with RI guidelines and supervising the proper implementation.

⁷ Only applicable to actively managed CIUs.

3.2.3 Impact investing

With the aim of generating positive social and environmental impacts, the Group contemplates in its strategy investments in Companies, organizations, and projects that deliver solutions (positive impacts) for society and the environment, and which contribute to the objectives of the United Nations Sustainable Development Goals.

As far as investments are concerned, the activity is steered and coordinated at Group level by the GCIO & CEO AWM.

3.2.4 Investment Stewardship

As an institutional investor and assets owner, the Generali Group believes investment stewardship (engagement and voting on sustainability matters) is an essential strategy for integrating sustainability into investments at Group level.

Investments Stewardship activity is steered and coordinated at Group level by GIMS / Investment Governance and Stewardship.

Engagement with issuing Companies

As an institutional investor and assets owner, the Generali Group believes in active ownership and in engagement as contributor to risk mitigation and value creation for its clients and shareholders.

In particular, the objective of engagement activities is to influence companies in which the Group invests in, in order to improve their management of ESG issues, reduce long-term risks and improve long-term financial performance of investment portfolios.

To this end, the Group adopts an Active Ownership Group Guideline defining the pillars leading its engagement behavior with invested companies.

Integrating ESG issues in the voting practices

As an active institutional investor and asset owner, the Generali Group has a fiduciary responsibility and role, also consisting in managing its assets in the interests of the policyholders and other clients.

To better comply with its fiduciary and legal obligation, the Group adopts voting principles within the Active Ownership Group Guideline defining the pillars leading its voting behavior and, as such, providing guidance for invested companies on Group's expectations in terms of governance practices promotion.

To this end, the Group integrates Environmental, Social and Governance (ESG) criteria into the management of financial assets and in the definition of voting decisions and sets out the basic rules for analyzing the proposals of resolutions to ensure that they are consistent with the interest of the Group and its clients.

3.2.5 Public Engagement

The Group commits to dialoguing and collaborating with institutions and national and international associations to promote the diffusion of responsible investments, as well as to take part in working groups to foster knowledge, through studies, research and publications.

The activity is steered by Group Communications & Public Affairs supported by GIMS / Investment Governance and Stewardship.

3.2.6 Disclosure and Transparency

The Group commits to convey transparently to its stakeholders the information concerning strategies and responsible investment activities.

External Specialized Analyst and Rating Agencies Relations

The Group commits to ensure the proactive, effective and timely communication of relevant information concerning responsible investments to the financial market community as well as to external specialized analysts and rating agencies.

The activity is steered by Investor & Rating Agencies Relations.

Financial Markets: Non-Financial Information (NFI) Statement

Generali Group provides to the market a consolidated non-financial information statement containing information and non-financial KPIs related to the way the Group operates and manages social and environmental challenges.

The activity is steered by GCFO / Integrated Reporting.

3.2.7 International Sanctions

The Group is firmly committed to comply with the relevant International Financial and Trade Sanctions legal and regulatory requirements in all jurisdictions in which it operates. The Group recognizes that the failure to comply with sanctions laws would not only constitute a breach of legal and/or regulatory requirements, but could bring significant reputational damage to the Group itself.

To this end, the Group has adopted dedicated policies and guidelines⁸ aimed at defining the minimum requirements to be followed to comply with the applicable sanctions and embargoes regulations, protecting the Group's reputation and defining principles and rules for restricting dealings (including investments) which are subject to sanctions restrictions imposed by relevant international authorities and national governments.

⁸ Group International Sanctions Policy, Group International Sanctions Guideline.