

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

## **PRINCIPAL ADVERSE SUSTAINABILITY IMPACT STATEMENT**

Implementation of Regulation (EU) 2019/2088 Art. 4

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

# Statement on principal adverse impacts of investment decisions on sustainability factors

## 1. SUMMARY

Generali Insurance Asset Management S.p.A. SGR (“GIAM”), LEI: 549300LKCLUOHU2BK025, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Generali Insurance Asset Management S.p.A. SGR.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

A summary of the principal adverse indicators considered by GIAM is presented in the table below.

Kindly note that on 1<sup>st</sup> January 2024, Generali Insurance Asset Management S.p.A. Società di gestione del risparmio has incorporated Generali Investments Partners S.p.A. Società di gestione del risparmio, changing its name to Generali Asset Management S.p.A. Società di gestione del risparmio (“GenAM”).

Indicators applicable to	Table	Number	Adverse sustainability indicator
Investee Companies	1	1	GHG emissions
	1	2	Carbon footprint
	1	3	GHG intensity of investee companies
	1	4	Exposure to companies active in the fossil fuel sector
	1	5	Share of non-renewable energy consumption and production
	1	6	Energy consumption intensity per high impact climate sector
	1	7	Activities negatively affecting biodiversity-sensitive areas
	1	8	Emissions to water
	1	9	Hazardous waste and radioactive waste ratio
	1	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	1	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	1	12	Unadjusted gender pay gap
	1	13	Board gender diversity
	1	14	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)
	2	4	Investments in companies without carbon emission reduction initiatives
Sovereigns and supranationals	1	15	GHG intensity of investee countries
	1	16	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law
	3	22	Non-cooperative tax jurisdictions

As one of the leading European asset managers, GenAM is eager to promote progress on global environmental and social challenges. We believe the material impact that GenAM can have on global sustainability factors is of the greatest importance, ranging from pursuing investment actions to accelerate the transition to a low-carbon/net-zero emission economy to reducing the probability of events such as abrupt social disruptions (e.g. coming refugee crises due to displaced people because of extreme weather conditions). On the other hand, it is GenAM belief that negative externalities that companies accumulate overtime, build up as negative implications on their balance sheets, cascading negatively on investors’ performance. For this reason, GenAM implements mitigation actions (e.g. using screening, exclusion, vote and engagement) to eliminate/reduce the negative impact of sustainability adverse factors on its financial returns and those of its Clients.

Regarding 2023, GIAM has implemented its negative screening and active ownership activities as described in the previous statement and further detailed below. No major changes occurred during the reference period about the actions taken and the impact data reported in this statement are broadly in line with past year. However, the methodology for some of the PAIs (Table 1, PAIs 7, 8 and 11) has been updated by the data provider (MSCI), which has influenced the comparability between the results of 2022 and 2023. Finally, indirect investments have been considered in the PAI calculation for the first time this year, through a best effort approach leveraging on the reporting solution and methodology applied by the data provider.

## 2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1

Indicators applicable to investments in INVESTEE COMPANIES						
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Greenhouse gas emissions	1.GHG emissions	Scope 1 GHG emissions	9261439.52	9168457.98	Expressed in (tCO2e) Coverage: 71.84%	<p>The impact data reported in 2023 for these PAIs are broadly in line with past year.</p> <p>GIAM committed and GenAM still commits to reducing to zero the exposure to coal of all business lines by 2030 in European and OECD countries, and by 2040 in the rest of the world.</p> <p>GenAM has a proprietary Green / Social / Sustainability-linked bonds filter which goes beyond ICMA definition and screens each bond framework.</p> <p><b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during 2023.</p> <p>GenAM commits to strengthening the exclusion criteria and thresholds regularly to end all support to companies active in the coal sector by the above-mentioned dates. GenAM exclusion criteria and thresholds on Coal and on Fossil fuels from Tar Sands, Oil and Gas extracted by Fracking or from Artic Circle are detailed in the Annex I "Coal and Unconventional Oil &amp; Gas Sector Exclusion" of the GenAM Sustainability Policy.</p> <p><b>Active Ownership:</b> Regarding 2023, GIAM has executed engagement activities according to the GIAM Engagement Policy. GenAM is sharing details on Active Ownership activities on climate performed in 2023 in the "GIAM Active Ownership Report" accessible online, details on engagement on page 14. Moreover, GenAM is sharing full details on voting activities performed in 2023 in its voting record accessible online: "GIAM Active Ownership Report" annexes, which include resolutions on climate.</p> <p>Effective from 2023, GIAM and then GenAM improved voting principles on climate change mitigation and adaptation, by introducing specific principles to evaluate climate plans of companies ("say on climate")</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM (Annual General Meeting) resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to environmental aspects with particular regard to climate change mitigation and adaptation (such as carbon footprint and vulnerability to climate-related physical and transition risks).</p>
		Scope 2 GHG emissions	1829008.63	1677067.88	Expressed in (tCO2e) Coverage: 71.84%	
		Scope 3 GHG emissions	56556075.85	60129008.33	Expressed in (tCO2e) Coverage: 71.83%	
		Total GHG emissions	67888946.39	71014134.19	Expressed in (tCO2e) Coverage: 71.79%	
	2. Carbon footprint	Carbon footprint	504.24	572.05	Expressed in (tCO2e / €M invested) Coverage: 71.79%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	961.49	844.57	Expressed in (tCO2e / €M revenue) Coverage: 94.68%	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	10.84%	11.48%	Coverage: 91.49%		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources,	67.20%	70.71%	Coverage: 59.49%		

		expressed as a percentage of total energy sources				
		<b>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector:</b>				
	6. Energy consumption intensity per high impact climate sector	NACE Code A (Agriculture, Forestry and Fishing)	0.52	0.32	Expressed in (GWh / €M revenue) Coverage: 79.91%	<p>The impact data reported in 2023 for this PAI is broadly in line with past year.</p> <p><b>Active Ownership</b> Regarding 2023, GIAM has executed engagement activities according to the GIAM Engagement Policy. GenAM is sharing details on Active Ownership activities on climate performed in 2023 in the "GIAM Active Ownership Report" accessible online, details on engagement on page 14. Moreover, GenAM is sharing full details on voting activities performed in 2023 in its voting record accessible online: "GIAM Active Ownership Report" annexes, which include resolutions on climate.</p> <p>Effective from 2023, GIAM and then GenAM improved voting principles on climate change mitigation and adaptation, by introducing specific principles to evaluate climate plans of companies ("say on climate")</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM (Annual General Meeting) resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to environmental aspects with particular regard to climate change mitigation and adaptation (such as carbon footprint and vulnerability to climate-related physical and transition risks).</p>
		NACE Code B (Mining and Quarrying)	0.90	1.59	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code C (Manufacturing)	0.38	0.51	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	1.95	4.64	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	2.74	3.88	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code F (Construction)	0.20	0.22	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.33	1.01	Expressed in (GWh / €M revenue) Coverage: 79.91%	
		NACE Code H (Transportation and Storage)	0.47	0.39	Expressed in (GWh / €M revenue) Coverage: 79.91%	

		NACE Code L (Real Estate Activities)	0.42	0.41	Expressed in (GWh / €M revenue)  Coverage: 79.91%	
Biodiversity	7.Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	8.71%	0.22%	Coverage: 92.96%	<p>The methodology for this PAI has been updated by the data provider, which has influenced the comparability between the results of 2022 and 2023. For further details please refer to par. 6 "Historical Comparison"</p> <p><b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during 2023.</p> <p>According to Annex I "Coal and Unconventional Oil &amp; Gas Sector Exclusion" and Annex II "Controversial Weapons &amp; Controversies Exclusion" of the GenAM Sustainability Policy, GenAM excludes investments in companies involved in severe environmental damages, which include instances where the company's activities negatively impact the biodiversity of sensitive areas, or more in general any company whose activity produced severe and extensive impact on biodiversity (eg. tar sands extraction).</p> <p><b>Active Ownership:</b> Regarding 2023, GIAM has executed engagement activities according to the GIAM Engagement Policy. GenAM is sharing details on Active Ownership activities on biodiversity performed in 2023 in the "GIAM Active Ownership Report" accessible online, details on engagement on page 14.</p> <p>Effective from 2023, GIAM and then GenAM improved voting principles with content of Environmental objectives of EU Taxonomy Regulation 2020/852 and use votes to hold companies accountable when they are negatively affecting biodiversity-sensitive areas.</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to protection and restoration of biodiversity and ecosystems.</p>
Water	8.Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.55	0.18	Expressed in (Tons / €M invested)  Coverage: 0.94%	<p>The methodology for this PAI has been updated by the data provider, which has influenced the comparability between the results of 2022 and 2023. For further details please refer to par. 6 "Historical Comparison"</p> <p><b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during 2023.</p> <p>According to Annex II "Controversial Weapons &amp; Controversies Exclusion" of the GenAM Sustainability Policy, companies involved in very severe controversies related to water emissions may be excluded from GenAM investments. Particular attention is raised on controversies related to toxic emissions, including spills and water releases resulting in severe impact on the environment and the local communities.</p> <p><b>Active Ownership:</b> GIAM did not performed any specific voting or engagement activity related to water emissions in</p>

						2023.  GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to sustainable use and protection of water and marine resources.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	9.12	13.92	Expressed in (Tons / €M invested)  Coverage: 28.36%	The impact data reported in 2023 for this PAI is broadly in line with past year.  <b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during the year under review.  According to Annex II "Controversial Weapons & Controversies Exclusion" of the GenAM Sustainability Policy, companies involved in very severe controversies related to waste may be excluded from GenAM investments.  <b>Active Ownership:</b> GIAM did not performed any specific voting or engagement related to hazardous waste in 2023.  GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to transition to a circular economy. GenAM executes engagement activities according to the GenAM Engagement Policy.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprise	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1.02%	1.15%	Coverage: 65.39%	The impact data reported in 2023 for this PAI is broadly in line with past year.  <b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during 2023.  According to Annex II "Controversial Weapons & Controversies Exclusion" of the GenAM Sustainability Policy, GenAM avoids investing in companies responsible of ethical violations (e.g. breach of the principles of UN Global Compact), namely: i) companies involved in systematic human rights and/or labor rights violations; ii) companies involved in severe environmental damages; iii) companies implicated in cases of corruption and bribery.  <b>Active Ownership:</b> GIAM did not performed any specific voting or engagement activity related to human right in 2023.  Effective from 2023, GIAM and then GenAM improved its voting principles on social and employee matters, by introducing specific principles effective from 2023, to request companies to carefully assess risks related to material social factors (as well as to disclose the results of such assessment, the management measures in place and the results achieved) and to hold responsible their directors in situations of severe or systematic violations or lack of processes and compliance mechanisms.  GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to adverse impacts or breach of

						international standards promoting responsible business conduct such as the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.
11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1.40%	30.58%	Coverage: 91.49%		<p>The methodology for this PAI has been updated by the data provider, which has influenced the comparability between the results of 2022 and 2023. For further details please refer to par. 6 "historical comparison"</p> <p><b>Active Ownership:</b> GIAM did not performed any specific voting or engagement related to human right in 2023.</p> <p>Effective from 2023, GIAM and then GenAM improved its voting principles on social and employee matters, by introducing specific principles effective from 2023, to request companies to carefully assess risks related to material social factors (as well as to disclose the results of such assessment, the management measures in place and the results achieved) and to hold responsible their directors in situations of severe or systematic violations or lack of processes and compliance mechanisms.</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to adverse impacts or breach of international standards promoting responsible business conduct such as the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. GenAM executes engagement activities according to the GenAM Engagement Policy.</p>
12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11.32%	14.66%	Coverage: 21.39%		<p>The impact data reported in 2023 for this PAI is broadly in line with past year.</p> <p><b>Active Ownership:</b> GIAM did not performed any specific engagement activity related to diversity in 2023. However, GenAM is sharing full details on voting activities performed in 2023 in its voting record accessible online: "GIAM Active Ownership Report" annexes, which includes also resolutions on diversity matters.</p> <p>Effective from 2023, GIAM and then GenAM improved its voting principles on diversity, equity and inclusion, by introducing specific principles effective from 2023 to foresee that, in situations of poor employment, work and pay practices, especially where company practices are below local best standards and there is no evidence that the company has made or is willing to make progress in this area, GenAM may not support the re-election of the responsible directors.</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. GenAM promotes diversity at corporate bodies level (i.e. in terms of gender, age, seniority of office, educational and professional background, ethnicity and nationality), also encouraging wider gender diversity, with at least 1/3 of the board composed of the less represented gender. In case of lower representation, GenAM will in principle support the candidate to non-executive directorship belonging to the less represented gender, subject however to an assessment on the candidate's profile (e.g. absence of concerns on candidate's experience, independence of the board, time commitment).</p>
13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	38.15%	38.07%	Coverage: 86.80%		<p>The impact data reported in 2023 for this PAI is broadly in line with past year.</p> <p><b>Active Ownership:</b> GIAM did not performed any specific engagement activity related to diversity in 2023. However, GenAM is sharing full details on voting activities performed in 2023 in its voting record accessible</p>

						<p>online: "GIAM Active Ownership Report" annexes, which includes also resolutions on diversity matters.</p> <p>Effective from 2023, GIAM and then GenAM improved its voting principles on diversity, equity and inclusion, by introducing specific principles effective from 2023 that will encourage wider gender diversity, with at least 40% of the underrepresented sex among non-executive directors or 33% among all directors, provided that in case of lower representation, GenAM will support and promote the local best practices. In case of lower representation, GenAM will in principle support the candidate belonging to the less represented gender, subject however to an assessment on the candidate's profile.</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. GenAM promotes diversity at corporate bodies level (i.e. in terms of gender, age, seniority of office, educational and professional background, ethnicity and nationality), also encouraging wider gender diversity, with at least 1/3 of the board composed of the less represented gender. In case of lower representation, GenAM will in principle support the candidate to non-executive directorship belonging to the less represented gender, subject however to an assessment on the candidate's profile (e.g. absence of concerns on candidate's experience, independence of the board, time commitment).</p>
	14.Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.00%	Coverage: 65,52%	<p>No changes occurred in impact data reported in 2023 for this PAI from previous year.</p> <p><b>Negative screening:</b> Regarding 2023, GIAM has implemented its negative screening as described in the previous statement and accordingly to its policy. No major changes occurred during the year under review.</p> <p>As part of Annex II "Controversial Weapons &amp; Controversies Exclusion" of the GenAM Sustainability Policy, GenAM avoids investing in companies that develop or produce cluster bombs, antipersonnel landmines, nuclear weapons (according to Treaty on the Non-Proliferation of Nuclear Weapons), depleted uranium or biological and chemical weapons, or key components/services of such weapons.</p>

**Indicators applicable to investments in SOVEREIGNS AND SUPRANATIONALS**

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15.GHG intensity	GHG intensity of investee countries	248.29	266.69	Expressed in (tCO <sub>2</sub> e / €M GDP)  Coverage: 90.18%	<p>The impact data reported in 2023 for this PAI is broadly in line with past year.</p> <p>No relevant actions taken for 2023. However, GenAM is exploring the possibility to implement new actions regarding this indicator.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0.00%	0.00%	Coverage: 99.91%	<p>No changes occurred in impact data reported in 2023 for this PAI from previous year.</p> <p><b>Negative screening:</b> No relevant actions taken in 2023. However, GenAM has published in January 2024 a Sovereign Exclusion Policy which takes into account, among other indicators, countries subject to social violations (i.e. EU non-cooperative jurisdictions for tax purposes, corruption perception, deficiencies to counter money laundering, terrorist financing, and financing of proliferation as well as political rights and civil liberties conditions within the investee countries).</p>

**Indicators applicable to investments in REAL ESTATE ASSETS**



Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17.Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	n.a.	n.a.	Coverage: n.a.	n.a.
Energy efficiency	18.Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	n.a.	n.a.	Coverage: n.a.	n.a.

Table 2 - Additional climate and other environment-related indicators

Indicators applicable to investments in INVESTEE COMPANIES						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4.Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	39.43%	27.40%	Coverage: 92.94%	<p>GenAM voluntarily pledges the reduction of portfolios' emissions and more broadly, the low-carbon transition. GenAM looks at forward-looking carbon emissions data as provided by external ESG data providers and investees, among which carbon emission forecasts and companies' SBTs commitments.</p> <p><b>Active Ownership:</b> Regarding 2023, GIAM has executed engagement activities according to the GIAM Engagement Policy. GenAM is sharing details on Active Ownership activities on climate performed in 2023 in the "GIAM Active Ownership Report" accessible online, details on engagement on page 14. Effective from 2023, GenAM improved its voting principles on climate change mitigation and adaptation, by introducing specific principles to evaluate climate plans of companies ("say on climate")</p> <p>GenAM assesses, according to the GenAM Engagement Policy, the AGM resolutions expecting issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to environmental aspects with particular regard to climate change mitigation and adaptation (such as carbon footprint and vulnerability to climate-related physical and transition risks).</p>

Table 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in SOVEREIGNS AND SUPRANATIONALS						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Governance	22.Non-	Investments in jurisdictions on the EU	0.02%	0.02%	Coverage:	

	cooperative tax jurisdictions	list of non-cooperative jurisdictions for tax purposes			90.18%	<p>No changes occurred in impact data reported in 2023 for this PAI from previous year.</p> <p><b>Negative screening:</b>  No relevant actions taken for 2023. However, GenAM has published in January 2024 a Sovereign Exclusion Policy which takes into account, among other indicators, the EU list of non-cooperative jurisdictions for tax purposes.</p>
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### 3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

#### Policies to identify and prioritize principal adverse impacts on sustainability factors

Misguided investment choices can have a potential adverse impact on stakeholders, environment and society.

GenAM, as part of Generali Group, considers the Group sustainability materiality matrix, available on Generali public website, as an important reference in order to identify and prioritize external adverse impacts.

GenAM, due to the adherence to climate initiatives by Generali Group<sup>1</sup>, believes that the climate change is one of the most relevant topics in regard to the impacts of its activities. GenAM can have an important impact on the environment through its investment choices. As an asset manager, GenAM can influence the investee issuers, by reducing the investments in polluting companies and providing more financing to cleaner and more environmentally friendly activity. In regard to Social and Governance factors, GenAM deems business involvement and behavior of the investee companies to be of the utmost importance. These factors could negatively impact the broader society and the corporate governance, hence the long-term performance, of the investee companies.

Also in light of the above, GIAM and then GenAM identifies and prioritizes principal adverse impacts listed in the following table in connection with each of which the most updated relevant internal policies transposing the different exclusions in the investments process are also indicated.

Applicable to	Tab	Num	Adverse sustainability indicator	Internal Policies	Approval	Responsible Function
Investee Companies	1	1	GHG emissions	<b>Coal and Unconventional Oil &amp; Gas Sector Exclusion</b> - Annex 1 of Sustainability Policy	GenAM BOD - 2024-01-01	GenAM ESG
	1	2	Carbon footprint			
	1	3	GHG intensity of investee companies			
	1	4	Exposure to companies active in the fossil fuel sector			
	2	4	Investments in companies without carbon emission reduction initiatives			
	1	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	<b>Controversial Weapons &amp; Controversies Exclusion</b> - Annex 2 of Sustainability Policy	GenAM BOD - 2024-01-01	GenAM ESG
	1	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)			
Sovereigns and supranationals	3	22	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	<b>Controversial Weapons &amp; Controversies Exclusion</b> - Annex 2 of Sustainability Policy	GenAM BOD - 2024-01-01	GenAM ESG

<sup>1</sup> Paragraph 5 below on References to international standards

The last version of the Sustainability Policy has been approved by the GenAM Board of Directors upon proposal of GenAM CEO on 2024/01/01. Below the main roles and responsibilities resulting from this policy:

<p><b>ESG FUNCTION</b></p>	<ul style="list-style-type: none"> <li>• ESG Function performs sector and thematic analyses with the aim of identifying sustainability risks that could potentially alter short and long-term sector-specific performances. ESG supports and collaborates with Investment and Research Functions providing inputs on thematic and corporate sector relevant ESG as well as climate related topics in order to integrate sustainability risk and sustainability opportunities into the investment decision-making process with updated quantitative and qualitative information.</li> <li>• is also in charge of updating the lists of Restricted investments according to the exclusion principles as set by GenAM's own policies and/or the clients in their Responsible Investment Guidelines, including analysis of controversies.</li> <li>• interacts directly with the issuers and / or ESG data providers to obtain additional information.</li> <li>• Performs the Norm-based screening to the identify issuers involved in controversies.</li> <li>• detects these issues via an in-house assessment, with the support of data from external ESG data and controversy scores providers, which aims to evaluate the compliance of the issuers with the screening criteria.</li> <li>• Performs climate risk identification.</li> </ul> <p>Within ESG Function, Active Ownership is supported in performing its activities of exercising of voting rights and engagement execution.</p>
<p><b>INVESTMENTS FUNCTION</b></p>	<ul style="list-style-type: none"> <li>• collaborates with ESG Function in order to ensure that the investment decisionmaking process integrates sustainability risks and takes also into account quantitative and qualitative information with regard to ESG opinions, views and research on relevant ESG and climate topics.</li> <li>• ensures the first level of control in monitoring the exposure towards issuers included in the Restricted lists throughout FO portfolio management platform Simcorp (both GenAM and Client's own Exclusion list).</li> <li>• Can identifies ESG risks associated to a specific issuer</li> </ul>
<p><b>RISK MANAGEMENT FUNCTION</b></p>	<ul style="list-style-type: none"> <li>• based on the ESG criteria defined by ESG Function and on the reports available, periodically monitors the exposure towards the Issuers included in the ESG lists and verifies the respect of the ESG investment limits in order to monitor the sustainability risks on investment decisions.</li> <li>• ensures the second level of control in monitoring the exposure towards issuers included in the Restricted lists (both GenAM and Client's own Exclusion list).</li> </ul>

<b>RESEARCH FUNCTION</b>	<ul style="list-style-type: none"> <li>• interacts directly with the issuers and / or ESG data providers to obtain additional information.</li> <li>• can identifies ESG risks associated to a specific issuer.</li> <li>• Credit Research integrates ESG factors into corporate single-name analyses, as defined by sectorial materiality matrices elaborated with the ESG Function. Credit opinions are complemented with “ESG considerations” i.e., a dedicated section explaining, when relevant, if any ESG factor has had an impact on the Credit Rating.</li> <li>• the Macro &amp; Market Research integrates ESG external ratings into its proprietary Sovereign Rating Monitor (proprietary algorithm), which is made available to all the Investment Function.</li> <li>• Credit Research analysts comment on the governance practices of corporate issuers, including the potential impact these might have had on current and future credit rating, to complement the proprietary Credit Research opinions with a section “ESG considerations”.</li> </ul>
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This Principal Adverse Sustainability Impact Statement has been approved by the Board of Directors of Generali Asset Management S.p.A. SGR on 2024-06-21.

#### **Additional principal adverse impact indicators**

For what concerns the two additional principal adverse impact indicators required by the Regulation, GIAM selected those indicators most aligned with the sustainability factors relevant and material for our investments also taking into consideration data availability.

As output of this assessment, GIAM selected the two following indicators:

- TABLE 2 - Additional climate and other environment-related indicators (indicators applicable to investments in investee companies): N.4. Investments in companies without carbon emission reduction initiatives
- TABLE 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters (indicators applicable to investments in sovereigns and supranationals): N. 22. Non-cooperative tax jurisdictions.

#### **Overall limitations for the principal adverse impact figures disclosed**

For the purpose of this disclosure, and in particular for the calculation of the PAI figures, GenAM has adopted its best efforts to complete the values for each indicator. As GenAM, we set up a PAI reporting solution that fulfills to the best of our understanding the requirements currently expressed of the regulations, taking into account the limitations encountered such as data availability (such as the methodologies to take into account the probability of occurrence and the severity of the principal adverse impacts), as well the reliance on external providers both in terms of data and reporting solutions. During 2024 and going forward we plan to improve the reporting through the development of our methodology and reporting solution tools, while also liaising with data providers to increase coverage, consistently with the instructions of the regulation to provide a best effort view of our portfolio's exposure to adverse impacts.

Some PAI indicators are subject to very low coverage resulting limited reliability of the aggregated value reported (TABLE 1 - PAI 8 and TABLE 1 - PAI 9). The methodology of the indicators at issuer level have also been subject to changes from external data provider leading to significant changes in the value reported compared to previous year, more particularly for TABLE 1 - PAI 7, TABLE 1 - PAI 8 and TABLE 1 - 11. While we aim for the best data quality in this reporting, we regularly face some data quality issues with the values reported by our provider that we challenge as soon as identified. But some of these values may still appear in the report.

#### **Data sources**

GenAM leverages mainly on external data providers for the calculation of the PAIs disclosed in this report. Specifically, for PAIs on corporate and sovereign investments: GenAM relies on MSCI both in terms of data and reporting solution for all PAIs, except

for PAIs where there is a precise link with the negative screening approach (TABLE 1 - PAI 10, TABLE 1 - 14 and TABLE 1 – 16) where an additional step of internal assessment is applied to fully reflect the approach to the management and prioritization of PAIs. GenAM regularly engage with external providers and other stakeholders to further our understanding of the regulatory requirements and suggest improvements in the approach, but it relied on the regulatory interpretation of the external provider when it comes to technical details such as the application of the formulas for PAI calculation and the use of estimations in the data set.

### **Scope**

The 2023 PAI figures hereby presented include the direct investments as well as indirect investments, which were not included in the 2022 PAI figures. The integration of indirect investments follows a best effort approach leveraging on the reporting solution and methodology applied by the data provider (MSCI). The perimeter of the calculation includes the Collective Investment Schemes (CIS) set-up by GIAM and individual portfolio management arrangements (IMAs) between GIAM and its clients existing in 2023, but excludes the products that are managed by GIAM under a delegation arrangement.

## 4. ENGAGEMENT POLICIES

GenAM activity to mitigate its negative impacts is not only driven by the investment decisions, investment or divestment, but also by engaging with companies leveraging on dialogue and vote to foster a positive change. Reducing impacts on sustainability factors through the reduction of issuers' impacts is a positive solution for investors, investees and sustainability.

The GenAM Engagement Policy, available online, defines the principles, active ownership activities, and responsibilities leading the role of GenAM as an asset manager. In this role, GenAM has a fiduciary duty and takes action accordingly by (i) monitoring investee issuer companies, (ii) engaging them on non-financial topics including ESG issues, and (iii) voting at general meetings for the dissemination of best practices in terms of governance, professional ethics, social cohesion, environmental protection, and digitalization.

The GenAM Engagement Policy has been drawn up in compliance with the obligations introduced by the Shareholder Rights Directive II into the Decreto Legislativo 24 febbraio 1998, n. 58 - Testo Unico della Finanza (TUF) as regards the engagement policy of institutional investors (Art. 3g of Directive (EU) 2017/828 amending Directive 2007/36/EC) and duly takes into account best practices from international standards. The Engagement Policy is publicly available on GenAM website.

### Engagement approach

In general, Engagement is considered by GenAM as a constructive dialogue with different goals: to reinforce the understanding of the invested companies, to share the GenAM concerns on ESG and finally making actionable suggestions aimed to resolve potential ESG issues. The goal of the meetings with the company executives and directors is to share a long-term orientation, with a constructive and results-oriented approach. It is aimed at understanding how companies have transformed their operating model to embed ESG principles across their organization. In addition, when relevant, the cooperation with other investors who share the same concerns could take place in order to maximize the impact on the company engaged.

Briefly, the engagement process is structured as follows:

- **Definition of Engagement priority list** – The first step is the definition of “Priority Engagement lists” (list of issuers), defined within “GenAM Engagement Committee” and driven by inputs from ESG integration & Solutions function, Investments and Research functions. The Engagement Priority List is reviewed during each Engagement Committee, also taking into consideration principal adverse impacts connected to each specific issuer;
- **Engagement Case** – Each Engagement Case presented to the Engagement Committee is composed of different elements: risk identified, questions, suggestions, task force, strategy (non-exhaustive and non-constraining list);;
- **Engagement Execution** – Active Ownership is in charge for the engagement execution activities. During the execution, Active Ownership reports to the Engagement Committee the ongoing actions and informs it about the external elements that could impact the Engagement Cases;
- **Engagement Monitoring** – The Engagement Committee evaluates the status of each Engagement Case presented depending on the initial goals defined. Based on this evaluation the Head of Active Ownership can decide to: continue the engagement activity, escalate the intensity of the engagement, or close the Engagement Case;
- **Engagement outcome** – The engagement activities uses specific metrics as indicators to be improved over time, as a result of the engagement. They can be, for example:
  - Carbon emissions (TABLE 1 - PAI 1), carbon intensity (TABLE 1 - PAI 3), reduction in coal capacity for climate related engagements (TABLE 1 - PAI 5),
  - Independence of the board, diversity ratio (PAI 1.13), pay ratio for governance related engagements (TABLE 1 - PAI 12),
  - Human rights (TABLE 1 - PAI 10), corruption controversies (TABLE 1 - PAI 10) for social related engagements.

In 2023, as anticipated in section 2 “Description of the principal adverse impacts of investment decisions on sustainability factors” the GIAM Engagement Policy has been updated to enhance the voting principles related to climate, UNGC and Diversity matters. These amendments have been performed without taking into consideration the evolution of PAIs figures (only one-year figures available). In any case, the engagement policy is reviewed yearly.

## 5. REFERENCES TO INTERNATIONAL STANDARDS

Assicurazioni Generali, which is the ultimate parent company of the Generali Group legal entities, is among the signatories of the United Nations Global Compact (2007), Principles for Responsible Investments (2011), Paris Agreement (2015), Task Force on Climate-Related Financial Disclosures (2017) and Net Zero Asset Owner Alliance (2020). In line with those adherences, Assicurazioni Generali cascades the principles defined within these international standards, which are linked to all the considered PAIs in this document, to all Generali Group Legal entities.

GIAM was and GenAM is a signatory of the Principles for Responsible Investments (2021). In this regard, the nature of this international initiative allows it to be linked to all the considered PAIs in this document.

Regarding 2023, GIAM referred to the following international standards:

### ***United Nations Global Compact***

Reference PAI: TABLE 1 - PAI 10, TABLE 1 - PAI 11

Data source for the calculation of PAIs: MSCI, internal assessment

#### Methodology and data used:

Certain issuers can be responsible for serious violations perpetrated against the environment, the communities or their own employees, thus destroying their human capital, its legitimacy to operate and the ability to create value in the long term. In the face of these risks, GenAM applied a negative screening approach aiming at excluding from the investable universe those issuers involved in severe controversies linked, among others, to violations of the UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work.

For what regards data sources, MSCI is currently the main provider used by GenAM to identify the issuers involved in such controversies. An additional overlay of internal assessment, leveraging on internal ESG research, is carried out based on the materiality of the issuer for the investment portfolio.

### ***International treaties on controversial weapons***

Reference PAI: TABLE 1 - PAI 14

Data source for the calculation of PAIs: MSCI, internal assessment

#### Methodology and data used:

GenAM excludes from its investments issuers that are directly involved in armament and weapons that violate fundamental humanitarian principles through their normal use (cluster bombs, landmines, biological and chemical weapons, depleted uranium weapons and nuclear weapons in violation of the Non-Proliferation Treaty).

The exclusion is consistent with international treaties (such as the Ottawa Convention, Oslo Convention and the Non-Proliferation Treaty) as well as relevant local regulation (Italian Law n. 220/2021).

The screening is performed using MSCI as main data provider. If needed, MSCI data can be complemented by other available sources (e.g. specialized websites or NGO research papers).

Starting from 1<sup>st</sup> January 2024, GenAM also refers to the following international standards:

### ***International Standards regarding Sovereign issuers***

Reference PAI: TABLE 1 - PAI 16, TABLE 3 - PAI 22

Data source for the calculation of PAIs: MSCI, public data, internal assessment

#### Methodology and data used:

GenAM excludes from its investments issuers with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation (FATF black list), issuers which have failed to fulfil their commitments to comply with tax good governance criteria within a specific timeframe, and issuers which have refused to do so (EU list of non-cooperative jurisdictions for tax purposes), issuers that raise significant concerns regarding the respect of political rights and civil liberties (internal calculation based on the Freedom House list), issuers with an high perceived level of corruption in the country (internal calculation based on Transparency International Corruption Perception Index).

For what regards data sources FAFT and EU are the reference sources for related exclusion criteria. Regarding Freedom House



and Corruption Perception Index, MSCI is currently the main provider used by GenAM.

GenAM is not currently using a forward-looking climate scenario, not because it deems it irrelevant, but because it is still working to implement it in its investment process.

## 6. HISTORICAL COMPARISON

The year-on-year comparison for the PAIs reported in 2022 and 2023 is presented through the tables in Section 2. To facilitate a historical comparison, we highlight the main changes in the PAI reporting between 2022 and 2023. In addition to the changes described below, it should be taken into consideration that also issuers' performances in term of negative impacts and the asset allocation driven by investment decisions may have impacted the data presented.

### Scope

In 2023 indirect investments were added to the scope of the SFDR PAI statement, with the exception regarding the calculation of:

- TABLE 1 - PAI 6 "NACE Code C (Manufacturing)" following the identification of quality issues on funds data delivered by the provider.
- TABLE 1 - PAI 10, TABLE 1 - PAI 14, TABLE 1 - PAI 16 because of our current lack of capability to perform a look-through on funds for these internally calculated PAIs.

For comparison, the scope in 2022 included only direct investments (for more detail see the "Scope" section of this document). For this reason, some of the year-on-year variation of the PAIs can be attributed to the increase of the scope covered by the reporting solution implemented. As the reporting framework progresses and consolidates, GenAM will endeavor to further isolate the contribution of the indirect investment on the year-on-year performance of the PAIs.

### Methodological changes

During 2023 the methodology for some of the PAIs has been updated by the data provider, which influences the comparability between the results of 2022 and 2023. In particular:

- TABLE 1 - PAI 7 (Activities negatively affecting biodiversity-sensitive areas): differently from the past, the provider now also relies on estimated data of biodiversity impact. These estimations, based on the industrial sector of the companies, led by construction to a different result of PAI 7. This new and more prudential regulatory interpretation of PAI 7 represents activities "potentially" affecting biodiversity sensitive areas.
- TABLE 1 - PAI 8 (Water Emissions): during 2023 the data provider has carried out adjustment and corrections on the underlying data captured by their model for Water Emissions, in order to increase the data quality. These corrections led to material changes in the PAI values assigned to some of the issuers in their universe.
- TABLE 1 - PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) was significantly modified by the data provider in 2023. The new methodology allows a more in-depth mapping of the policies that companies have set to monitor compliance with UNGC or OECD Guidelines, which permits a more granular evaluation of PAI 11 for the portfolios.