



Generali Asset Management S.P.A. Società di Gestione del Risparmio

ENGAGEMENT POLICY

Versioning

Version	Date of issuance	Reason for and Extent of Changes
1 (202401)	2024-01-01	First version of the regulation following the 2024 reorganization project.
2 (202502)	2025-02-07	The Policy has been updated: <ul style="list-style-type: none">• with changes made to the engagement section;• mainly deletion of Impact and Standard classification;• additions to the process to define the engagement list;• changes to the engagement execution section;• introduction of Sustainability committee.

Annexes

No Annex

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1 Glossary and Definitions

Acronym/ Term	Explanation/ Definition
GenAM or COMPANY	Generali Asset Management S.p.A. Società di Gestione del Risparmio
GENERALI GROUP	The Generali Group whose ultimate parent Company is Assicurazioni Generali S.p.A.
GHO	Group Head Office – Assicurazioni Generali S.p.A., the Parent Company of the Group including its branches
ENGAGEMENT AND VOTING HIGHLIGHT REPORT	The report issued by Active Ownership, on an annual basis, providing high level information and performance data on proxy voting as well as engagement activities performed during the year. This report does not exempt Active Ownership from drafting and publishing the annual communication as described under paragraph 6 of this Policy. It contains the information required by Article 124-quinquies, par. 2 of Legislative Decree no. 58 /1998 (“TUF”).
AGM	Annual General Meeting
ASSOGESTIONI	The Italian Asset Management Association grouping all Italian and foreign asset management companies operating in Italy
EGM	Extraordinary General Meeting
ENGAGEMENT RATIONALE	An Engagement Case on a specific issuer list including different elements such as (but not limited to) the risk identified, objective of the engagement actions, characteristic of the engagement, remedial actions and status and results of the engagement progress
ESG	Environmental, Social and Corporate Governance
ESG FACTOR (OR SUSTAINABILITY FACTOR)	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
ESG RISK (OR SUSTAINABILITY RISK)	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
GREEN / SOCIAL / SUSTAINABILITY-LINKED BONDS FILTER	Restricted list that includes companies matching one or more of the criteria contained in the Sustainability Policy
GCIO-SIG	Group CIO - Sustainability Investment & Governance Team
GCSO	Group Chief Sustainability Officer
INSTITUTIONAL INVESTOR	“Legal persons falling under the definition of professional clients according to the applicable law and including at least: <ul style="list-style-type: none"> • an insurance or reinsurance undertaking as defined in letters u) and cc) of paragraph 1 of article 1 of Legislative Decree 7 September 2005, No. 209, including the secondary offices in Italy of companies having their registered office in a third State, authorized to carry out insurance or reinsurance activities in the life classes pursuant to Article 2, paragraphs 1 and 2 of the same decree; • pension funds with at least one hundred members, who are registered in the register held by COVIP and included among those referred to in Articles 4, paragraph 1, and 12 of Legislative Decree 5 December 2005, No. 252, or among those of Article 20 of the same decree having legal personality.
INVESTEES ISSUERS	Invested companies, including but not limited to issuers whose shares and bonds are admitted to trading on an Italian regulated market or on a regulated market of another

	EU Member State.
IR	Investor Relations
LAGGARDS	Lower rated ESG issuers as rated by the ESG rating providers of the Company or as internally rated
MINOR CHANGES	<p>Non-substantial amendment to be introduced in the Policy already in force, namely:</p> <ul style="list-style-type: none"> • updates to reflect formal changes in the organizational structure (i.e., function/structure/unit names, provided that the entrusted responsibilities remain unchanged) already approved by the relevant GenAM corporate bodies and disclosed through internal memoranda; • updates to annexes referring to standard forms or supporting technical details, as long as they do not include additional substantial elements; • linguistic corrections (e.g., typos)
SFDR	REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector
UCIS	Undertakings for Collective Investment

2 Introduction

This Engagement Policy (the “Policy”) sets out the fundamental rules that Generali Asset Management S.p.A SGR (GenAM) applies for the exercise of rights linked to equity and fixed income instruments, including but not limited to the shares admitted to trading on an Italian regulated market or any regulated market of another EU Member State which are part of the collective and individual portfolios it manages, and describes the ways in which GenAM integrates the commitment as asset manager in its investment strategy, including the interactions with the issuers of the above mentioned financial instruments.

This policy has been drawn up in compliance with the obligations introduced by Legislative Decree no. 49/2019 of May 9th, 2019, which transposes the so-called Shareholding Rights Directive 2 (Directive (EU) 2017/828) and Consob Resolution No 21623 of 10 December 2020. As an asset manager, GenAM believes in active ownership and in engagement as factors contributing to risk mitigation and value creation for its clients and investors and defines the pillars leading its engagement and monitoring behavior vis-à-vis Investee Issuers relating to the collective and individual portfolios it manages.

For these purposes, this Engagement Policy sets out the fundamental rules that GenAM is required to apply for the exercise of rights linked to shares and bonds in investee issuers under management and describes the ways in which GenAM integrates the commitment as an asset manager in its investment strategy, taking into account best practices from international standards as well as relevant national stewardship codes.

This Policy only applies to investments in shares and bonds managed by GenAM of Investee Issuers admitted to trading on an Italian regulated market or any other regulated market, including EU market in connection with:

- Undertakings for Collective Investment (UCIs) issued and managed by GenAM; and
- Clients' Portfolios under management for which GenAM assumed the obligation to exercise voting rights in Investee Issuers.

In case of UCIs managed by GenAM based on a delegation agreement, the collective portfolio management mandate has to regulate the duties that GenAM undertakes in its capacity as delegated manager of the UCIs relevant from time to time.

2.1 OBJECTIVES

The aim of this Policy is to define the principles to be applied for the performance of the following activities:

- ongoing monitoring and engagement of Investee Issuers on important issues, including strategy, financial and non-financial results as well as risks, capital structure, and management of material Environmental, Social and Governance (ESG) factors and risk;
- exercise of voting rights and other rights connected to shares;
- cooperation with other shareholders and/or the communication with the relevant stakeholders of the investee issuers;
- communication to the public on how GenAM has implemented this Policy, including a general description of voting behavior, an explanation of the most significant votes and the possible use of proxy advisory services; and
- management of potential and effective conflict of interests connected to the engagement.

In addition, this Policy sets out the rules to be applied by GenAM for communicating to Institutional Investors with whom it has in place individual or collective management agreement the information needed by the latter to comply with their disclosure obligations according to the applicable law, as well as the way in which GenAM investment strategy and its implementation contribute to the medium and long-term risk-return profile of the assets part of the individual or collective management agreements.

2.2 APPROVAL AND REVIEW

The document was approved by the Board of Directors of the Company.

It shall be promptly reviewed, at least on an annual basis, to include developments in legislation, market and/or best practices, Group and Company strategy and organization. The content of this regulation shall be updated accordingly by the Accountable Function if deemed necessary.

2.3 EFFECTIVE DATE AND IMPLEMENTATION DEADLINE

The Effective Date of the document is February 7th, 2025.

2.4 SCOPE OF APPLICATION

The document applies to:

- Generali Asset Management S.p.A. Società di Gestione del Risparmio and its branches.

2.5 IMPLEMENTATION, MONITORING AND INFORMATION FLOWS TO GROUP HEAD OFFICE

The Accountable Function and the Senior Management are responsible for managing the implementation of this Policy within the perimeter of their respective responsibility.

The Accountable function is responsible for guaranteeing a due information flow on the implementation status to the CEO and the BoD and whether the contents of this Policy need to be updated within the perimeter of its responsibility.

Any relevant organizational unit within the Company shall promptly inform the Accountable Function of any facts and/or circumstances connected with this Policy which may be relevant for the performance of their duties.

3 Roles and Responsibilities

Role	Responsibilities
ACTIVE OWNERSHIP	<ul style="list-style-type: none"> • Coordinates GenAM engagement activities; • During the Sustainability Committee, shares an initial list and then a review of the Engagement List based on different inputs; • Is in charge for the engagement execution activities; • Exercises the voting rights and other rights connected to shares of Investee Issuers through: <ul style="list-style-type: none"> ○ the monitoring of corporate events, ○ the evaluation of the procedure and the timing for the exercise of intervention and voting rights, ○ the decision of the exercise of these rights and the vote to be expressed, ○ the exercising of intervention and voting rights. • Is in charge of production of the annual Active Ownership report, the submission to the BoD for approval and, once approved, to the Marketing team for the publishing; Provides on annual basis, through the Operations, the relevant communication to the Institutional Investors.
OPERATIONS	<ul style="list-style-type: none"> • Client Reporting Function is in charge for drafting the UCIs' annual financial report or, in the case of individual management agreement, the periodic financial report to clients. The Client Reporting Function is then in charge to ensure that the UCIs' annual financial report and the periodic financial report include the relevant communication.
ENGAGEMENT COMMITTEE	<ul style="list-style-type: none"> • approved Formal venue where the engagement list is
SUSTAINABILITY COMMITTEE	<ul style="list-style-type: none"> • shared. Formal venue where the engagement list is
ESG	<ul style="list-style-type: none"> • interacts with Investor Relations, Sustainability Manager or other representatives of the issuer to gather relevant ESG information (social and environmental impact and corporate governance) • Provide inputs for Engagement List definition; • Takes into account engagement results in ESG Process.
INVESTMENT	<ul style="list-style-type: none"> • Sharing insights to suggest engagements to Active Ownership; • Provides to Active Ownership information on the position held to monitor the corporate events.
RESEARCH	<ul style="list-style-type: none"> • Sharing insights to suggest engagements to Active Ownership.

4 Engagement activities

GenAM engages investee issuers, in the interest of the clients' portfolios and UCIs managed, implementing an active ownership activity, especially considering industry, country, issuer allocation, stock picking, proxy voting and ESG screening factors, with the aim to reinforce its engagement capabilities and have a greater impact on the investee issuers.

GenAM also performs active ownership service as "Attività Connessa" to the main activities performed by GenAM to the benefit of third-party entities.

4.1 ENGAGEMENT TASK FORCE

Under the coordination of GenAM Active Ownership (or Active Ownership), the Engagement task force (see composition below) defines a list of issuers to be engaged at the beginning of every year. The engagement list and its updates is submitted quarterly for approval to the GenAM Engagement Committee (see composition below). The outcome of the Engagement Committee will be shared in the GenAM Sustainability Committee (or Sustainability Committee).

The changes to the list agreed by the Engagement task force are submitted for approval at the following Engagement Committee and then shared into the Sustainability Committee.

Engagement task force members will be involved by the Active Ownership team among the following functions when relevant, on an ad-hoc basis:

- Active Ownership
- Investments
 - Liability-Driven Investing - Fixed Income - Credit
 - Liability-Driven Investing - Equity
 - Portfolio Solutions, ESG & Investment Data Science - ESG, Investment Specialist and Advisory
 - Active Management - Equity
 - Active Management - Fixed Income
- Credit Research
- ESG Analysis
- Product

The Engagement task force is in charge of supporting the Head of Active Ownership in:

- Defining and submitting at the beginning of every year the Engagement List to the GenAM Engagement Committee for approval
- Defining amendments to the Engagement List (add new engagements, closing engagements) to be submitted to the GenAM Engagement Committee for approval
- Joining or quitting investor networks

The Active Ownership function is in charge to:

- coordinate contributions to define the draft of the Engagement list
- define the means to reach the identified objectives;
- gather and create Engagement rationale;
- monitor and report the Engagement activities;
- implement more intense Engagement actions.

Engagement Committee Members are:

- Head of Active Ownership (Chair)
- Head of ESG
- Head of Research
- Head of Investment
- Head of Risk Management

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4.2 PROCESS

The paragraph below describes the standard engagement process GenAM Active Ownership follows.

4.2.1 Definition of Engagement list

The Engagement List is based on requests from different stakeholders in different frames:

- Frame 1: for Portfolios managed by GenAM for Group Insurance Companies
 - Inputs from GCIO-SIG: engagement requests in the framework of “Integration of Sustainability into Investment and Active Ownership Group Guideline”. These engagement - based on Group strategy on Active Ownership - are delegated by GCIO-SIG to GenAM.
 - Inputs from Portfolio Managers: engagement requests in the framework of portfolio management engagements (“Integration of Sustainability into Investment and Active Ownership Group Guideline”). These engagements are suggested by GenAM, approved by GCIO-SIG and conducted by GenAM on behalf of GCIO-SIG. They can be triggered by exclusions, controversies or low ESG Score.

In case of portfolios managed by GenAM for Group Insurance Companies, the activities described above, are carried out implementing the Integration of Sustainability into Investment and Active Ownership Group Guideline, according to which GenAM, as delegated Group Asset Manager, is in charge for the execution and reporting to GCIO-SIG of the Engagement activities when they concern equity and fixed income instruments included under the portfolios managed by GenAM for Group companies.

- Frame 2: for Funds managed by GenAM
 - Inputs from Portfolio Managers: engagement request may arise from exclusion, controversies or low ESG Score
 - Labels: some labels (including French SRI label) may require the labelled fund to perform engagements in line with its sustainability objectives.
 - Opportunities: engagement opportunities may arise from our participation to collaborative initiatives like the support to the “Minority lists” supported by the “Comitato dei Gestori”, under the coordination of Assogestioni.
 - Regulation: the SFDR regulation foresees engagement for funds for which this applies.
- Frame 3: Active Ownership Service performed as “Attività Connessa” to the main activities performed by GenAM
 - Inputs from third party clients base on the relevant agreements.

Input from ESG Analysis Function

The ESG Analysis Structure interacts with Investor Relations, Sustainability Manager / or other representatives of the issuer to gather relevant ESG information (social and environmental impact and corporate governance).

Based on insights gathered above, ESG Function will contribute to the definition of the Engagement List taking into account relevant elements among which:

- ESG Scores, ESG sub-score like Good Governance score and Principal Adverse Impact KPI
- Controversies (see Sustainability policy which covers the controversy management)
- Governance considerations including board independence, board composition, remuneration
- Social considerations including corruption, diversity, labour controversy, human rights;
- Environmental considerations including climate, biodiversity.

The ESG Analysis Structure can be part of engagement activities when relevant and contribute to the definition of engagement expectations.

Input from Investment and Research Function

These Functions perform investments meeting / calls at quarterly / annual meeting with CEO/CFO or other representatives of the relevant issuer on strategy, financial results, financial risks and capital structure.

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Based on the insights gathered above, Investment and Research Functions will have the possibility to suggest engagements to Active Ownership based on several criteria including:

- Financial performance considerations including current yield, valuation, ratings, investment limits
- Market considerations including opportunity to invest
- Portfolio exposure in absolute or relative terms
- Strategic relevance

The Investment and Research functions can be part of engagement activities when relevant and contribute to the definition of engagement expectations.

Engagement List approval

After its approval by the Engagement Committee, the Engagement List is then sent officially to all the members of the Engagement Committee to be cascaded to their structures in GenAM.

4.2.2 Engagement Rationale

Each Engagement is based on a rationale which can be composed by different elements. Please find below a non-exhaustive and non-constraining list of items that could be integrated in an engagement rationale:

- Description of issue identified with issuer: strategic, governance, environmental and social issues.
- Expectation towards the company with a clear objective and an average timeline of implementation. It is worth noting that expectations are evolutive depending on the interactions with the issuers and potential other investors inside a collaborative engagement.
- Type of engagement strategy: Direct engagement with the issuer, Collaborative with other investors (leader of the collaborative group or supporter)

The engagement rationale is stored in the engagement database, see paragraph “Engagement records”.

4.2.3 Engagement Execution

Active Ownership is in charge for the engagement execution activities and eventually for involving in the task force for handling these activities, internal specialists and experts depending on the Engagement at hand.

In order to maximize the “return on engagement”, GenAM Active Ownership evaluates the use of several levers of engagement, thus increasing the intensity: (i) preparation and research, (ii) interactions with issuers, (iii) collaborations with other investors.

(i) Engagement Preparation and Research:

For the preparation phase, one or two issues are prioritized, aiming to avoid dispersion (for example: methane in climate change discussions). GenAM Active Ownership involve all internal relevant actors who interact with the company (financial analysts on credit, ESG analysts, portfolio managers) to be able to define an internal view and deliver a coherent message to each interaction.

As a result of the discussion mentioned above, precise expectations are identified, stored in our database and shared with the target issuers, associated with an indicative deadline for the target issuer to meet the expectation.

(ii) Interactions with issuers:

The Investee Issuer is contacted directly, via broker or via other intermediary in consistency with the type of engagement strategy identified in the engagement rationale.

During interactions with issuers, the commitment of the issuer’s representatives not to disclose inside or confidential information will be expressly required, and GenAM Market Abuse Policy applies, where relevant.

(iii) Collaborations with other investors

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Globally, GenAM will use collaborative engagements as a way to maximize impact of engagements activity. Collaborative engagement can be used as an escalation tool. See “Escalation Approach” paragraph.

This activity can be performed in different ways, GenAM Active Ownership decides which is the most appropriate given the engagement objective:

- As a supporter: GenAM Active Ownership can join a collaborative initiative to support its goal, leaving the coordination to the leaders of this coalition.
- As a leader: GenAM Active Ownership can join a coalition to play a more active role, coordinating an investor group, suggesting expectations.
- As a founder: GenAM Active Ownership can also, when appropriate given the engagement situation, create coalitions.

In particular, upon coordination of Assogestioni, GenAM in collaboration with other asset management companies affiliated to Assogestioni can support minority lists of Investee Issuers (presentation of lists of candidates for the Administrative and Supervisory Bodies at AGM of the issuer).

When engaged in the activities described in the present paragraph, GenAM complies with regulations regarding acting in concert, market regulations, as well as Conflict of Interest Policy and privileged information.

4.2.4 Engagement Records

Each activity is recorded by Active Ownership Structure including, at least, the following information:

- Name of Issuer met / called
- People present at meeting/call: name, position
- Topic of the meeting/call
- Date of the meeting/call
- Answers of the company
- Conclusion and next steps of the meeting/call

Active Ownership Structure uses a dedicated tool to store every interaction in the engagement database.

The ESG Analysis Function has also full access to such dedicated tools, including the eventual escalation actions undertaken which are stored in the database as engagement activities.

4.2.5 Engagement Monitoring

The Active Ownership function will evaluate the status of each Engagement depending on the initial goals defined.

The Active Ownership function will:

- Suggest to the Engagement Committee to close the Engagement: in the following situation when the expectation towards the issuers, set in the Engagement rationale, are met.
- Suggest to the Engagement Committee to discard the engagement case, in case of change of engagement priorities and inputs. See process to define the engagement list - §4.2.1

In each situation, the engagement records are updated accordingly, by Active Ownership function in the engagement database. The outcome of the engagement is also taken into account with reference to the Principal Adverse Impact (PAI) consideration, where applied.

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4.2.6 Escalation Approach

At any stage of the engagement, if the issuer does not answer to solicitations or does not disclose the required information, Active Ownership function will trigger escalation actions. This includes:

- Private actions
 - Sending a letter to the company
 - Writing to the full board of the relevant issuer through the office of Company Secretary of the latter or equivalent communication
 - Specific meetings with the management, CEO, CFO, other executives of the relevant issuer
 - Specific meeting with the chairman, lead independent board members, other board members of the relevant issuer
 - Collaborating with others investors in case of negative outcome of the engagement, or in case of need of acceleration of the change (positive escalation)
- Public actions
 - Public statement, speaking at AGM
 - Voting against resolutions
 - Submitting shareholder resolutions, where possible
- Divestment

4.2.7 Collaborative engagement

Collaboration engagement can be used in different ways in engagement activities:

- As a negative escalation approach
When having engaged a company directly, and not seeing concrete significant progress towards the engagement expectations, the Active Ownership function might join an existing coalition as an escalation tool to increase pressure on the targeted issuer, while sharing the burden with other investors, depending on our role in the coalition.
- As a constructive way to accelerate change (positive escalation)
On the contrary, if the issuers suggest increasing the intensity of the engagement to maximize the influence on the company, the Active Ownership will suggest appropriate positive escalation steps like creating a coalition to further support the issuer.

4.3 ANNUAL REPORTING

The paragraph below describes all reporting activities that the Active Ownership function performs:

- **Regulatory reporting:** on annual basis, GenAM reports according to Article 124-quinquies, par. 2 of Legislative Decree no. 58 /1998 requirements, as described in paragraph “Disclosure Obligations”
- **Engagement and Voting Highlights Report:** this report will provide an overview and specifics of engagement and voting activities carried out, highlighting the links with the principal adverse impacts on sustainability factors (see Adverse Sustainability Impact Statement of GenAM.)

Moreover, Active ownership function contribute with the outcome of the Engagement activity for **SFDR** reporting purposes and **SRI Label reporting**.

4.4 FOCUS ON COAL AND TARS SANDS

In the framework of Sustainability Policy (Annex I Coal and Unconventional Oil Gas Sector Exclusion), in the event that more

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information is required to assess the coal phase out strategy of an issuer, the issuer itself will be contacted by ESG Analysis Structure. If the efforts do not lead to obtain more relevant information on a time horizon of 9 months, the companies will be considered as restricted.

5 The exercise of voting rights and other rights connected to shares and bonds

GenAM exercises the voting rights and other rights connected to the shares of Investee Issuers, included under the UCIs, it establishes and manages or under the individual portfolios managed (in the latter case, as far as GenAM has been specifically delegated by the client in the individual mandates), through the following activities:

- a) monitoring of corporate events of the Investee Issuers;
- b) evaluating the procedures and timing for the exercise of intervention and voting rights;
- c) deciding the exercise of these rights and, possibly, the votes to be expressed;
- d) exercising intervention and voting rights.

5.1 MONITORING OF CORPORATE EVENTS

The corporate events of all Investee Issuers are monitored as follow:

- based on the information provided to Active Ownership by the Investment Function on the positions held in Investee Issuer within each UCIs/individual portfolio managed, the Active Ownership collects information on the relevant corporate events, also through data available on external providers;
- through the collective exercise of monitoring initiatives promoted by Assogestioni or other industry associations where GenAM is member from time to time in the different jurisdictions where it operates.

5.2 EVALUATION OF THE PROCEDURES AND TIMING FOR THE EXERCISE OF VOTING RIGHTS

The ownership of a given equity is considered relevant when GenAM holds on aggregate, within all managed UCIs, 0,5% or more of the issuer's share capital, retaining the faculty to exercise the voting rights below such threshold.

For equity held in individual mandates, GenAM follows the client's indications included in the IMA if any.

Furthermore, the Investment Function may also take into consideration securities which are deemed, due to contingent occurrences linked to the issuer, particularly important, making it therefore advisable to vote at a meeting, ensuring the safeguard of the unitholders' interests.

Considering that the opportunity to exercise voting rights should be evaluated also based on a cost-benefit analysis, anyhow the CEO can decide not to exercise voting rights based on the advice of Active Ownership in connection with the provision of collective asset management service.

Active Ownership is in charge for:

- providing voting recommendations and express the relevant vote¹ in connection with the shareholdings in Investee Issuers included under:
 - UCIs portfolios issued and managed by GenAM;
 - Third party Individual portfolios under management for which GenAM assumed the obligation to exercise voting rights in Investee Issuers
- submitting the analysis of the voting recommendations related to the shareholdings in Investee Issuers included under individual portfolios to GCIO-SIG structure for Group Insurance Companies whose individual portfolios are managed by GenAM;
- submitting the analysis of the voting recommendations related to the shareholdings in Investee Issuers included under individual portfolios to Business Relationship Management Function for clients other than Group Insurance Companies whose individual portfolios are managed by GenAM.

¹ Observing the relevant regulation where applicable (e.g. Ministerial Decree No 470 of 11 November 1998, Ministerial Decree No 139 of 26 March 1999)

Active Ownership provides the voting recommendations / analysis of voting recommendations in line with the criteria presented hereafter, and in line with the investment objectives and guidelines of the relevant UCIs/mandate:

5.2.1 Shareholder rights

Preliminary information for “enlightened” voting - GenAM expects that investee companies provide an adequate and timely disclosure regarding the resolutions submitted to shareholders’ vote, to allow shareholders to have access to exhaustive preliminary information before the general meeting in due time for allowing the exercise of an informed vote. In principle, GenAM expects issuers to publicly disclose all relevant proxy material in a timely manner, taking care of publishing the documentation in English alongside the relevant local language, especially in presence of international shareholders.

Equitable treatment of shareholders – In principle, GenAM supports the “one share, one vote” principle, as it preserves the link between economic interest and voting power. As such GenAM does not support any practice that undermines such principle, to the extent that it is considered an effective instrument to grant an equitable treatment of minority and majority shareholders. Where a deviation from this principle is in place, investee companies are expected to disclose to the market the relevant supporting rationale. In case of insufficient disclosure, or where GenAM’s opinion is divergent, GenAM will support resolutions restoring the effectiveness of the “one share, one vote” principle.

Virtual Meetings – GenAM is in favor, in principle, of hybrid (both virtual and in-person) and virtual general meetings on the condition that the Board guarantees that following essential requisites are met:

- The company ensures high transparency standards;
- Board accountability is guaranteed;
- The active participation of shareholders is warranted, also tackling the issue of shareholders being unable to connect due to their technological equipment;
- The full exercise of shareholders rights is guaranteed (e.g. through real time webcasting, flexibility on options to present proposals, outright responsiveness to questions from shareholders).

In addition, GenAM will also take into account in its assessment of the investee companies and its proposal whether proper consideration has been given to all relevant factors that could limit shareholders’ rights (such as limited connection availability to shareholders or technical difficulties in guaranteeing identification of each shareholder) and appropriate mitigation measures have been taken.

Shareholder proposals – GenAM recognizes that shareholder proposals are an effective instrument for shareholders to demand for change in policies, increased transparency and improved disclosure on material aspects of a company’s business. In voting on shareholder proposals, GenAM will evaluate on a case-by-case basis, among other relevant factors, the existence of a clear link between the proposal and the company’s short and long-term value enhancement/risk mitigation, the investee companies’ reaction and responsiveness to the proposed items and the relevant peer responses, in balance with the interests of the shareholders and other affected stakeholders. Material aspects of a company’s business may include financial as well as non-financial aspects, such as environmental factors, social factors and political contributions and lobbying disclosure.

Anti-takeover mechanisms – GenAM believes that anti- takeover mechanisms are, in principal, detrimental to the interests of shareholders, as they may prevent accountability of the management towards shareholders and may jeopardize the long-term value of a company. Consequently, GenAM is likely to vote AGAINST resolutions for the introduction of anti- takeover defenses without a specific scope and/or rationale. However, GenAM will evaluate the appropriateness of an anti- takeover defense taking into account the existing circumstances, taking into considerations the past performance of the target investee companies, the acquirer’s objectives and track record and the long-term interest of the target investee company’s stakeholders.

5.2.2 Corporate Boards

Governance Model – GenAM is aware of the existence of different board governance models allowed by the different local regulations and company bylaws. GenAM does not give preference to any particular structure, provided that the governance model ensures an adequate and balanced governance of the company and accountability of directors towards stakeholders.

Segregation of duties – GenAM is in favor of the separation of the roles of the Chairman of the Board and Chief

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Executive Officer because this solution does not affect the accountability of the board of directors and its independency. In case of proposals to concentrate both roles in the same individual, GenAM will evaluate whether local market best practices allow for both roles to be held by the same individual (e.g. Japan) or if the investee company has adopted (or is going to adopt) sufficient mitigation measures (e.g. election of a senior/lead independent director as senior/lead or as vice-chair). In line with the approach of maintaining an adequate balance of power within the Board of Directors, GenAM shall vote AGAINST resolutions proposing the nomination of a former CEO as Chairman of the board of directors, unless either (i) compelling reasons (such as the need to ensure continuity and the temporary nature of the appointment) exist or (ii) at least one full board mandate has elapsed between the end of the last mandate as CEO and the appointment as Chairman and, in both cases, (iii) the company has adopted (or is going to adopt) sufficient defenses to preserve board's accountability. In both cases, the board of the investee company should communicate appropriately with shareholders in advance setting out a convincing rationale.

Director independence – GenAM believes that an adequate representation of independent directors within the board of directors is necessary to reinforce board accountability and preserve an adequate balance of powers. Despite the most adequate level of independence on several circumstances (e.g., performance of the company, records of past misconduct, local practices, shareholders' structure), GenAM is generally in favor of a majority of directors to be independent. In companies subject to the control of other entities, or where local market practices are materially divergent, a lower threshold may be accepted, to the extent that at least one third of the directors is independent and that the major shareholder is not over represented and provided however that the audit committee within the board of directors of the investee company and/or statutory auditors' board (if any) are majority independent.

A director is considered independent if they have no relationship with the company, its group or its management that could compromise the exercise of his / her freedom of judgment. In assessing the independency of each director GenAM will evaluate all existing circumstances and information disclosed by the company and/or the relevant proponent, also considering, as a circumstance that may in principle hinder the independence requirement, if the subject director or candidate is:

- a former or current executive or employee of the company or the group (for employee only, a cool off period of five years is acceptable);
- a relative of the managers and of the directors;
- a relevant shareholder or representative of or a relative to a relevant shareholder owing 3% or more of the voting rights (provided however that the materiality of the shareholding will be evaluated considering the shareholder's structure of the company and local market practices);
- a customer, supplier or service provider that is relevant for the company and/or its group, or whose business is relevantly connected with the company;
- an individual holding political office which is connected with the company and/or its group and/or its business;
- the director of a group subsidiary who is (or has been in the last five years) paid for this service;
- an individual belonging to a group administered by one of the company's managers (a crossover director);
- a senior manager of a major financial institution on the same market and/or a senior bank manager within the last three years, to the extent that the subject financial institution has or had in the subject period a material financial or commercial relationship with the company or its group;
- a director whose term or presence within the company or group exceeds the shorter between 10 years and the period recommended by the local corporate governance code.

GenAM shall vote FOR/AGAINST those resolutions that provide for establishing a majority/minority of board independent directors. GenAM also recommends that independent directors are sufficiently numerous to ensure the establishment and proper functioning of Board Committees.

Employee representatives – GenAM shall vote FOR resolutions proposing the appointment of employee representatives. Generally, board members without voting rights are not taken into account when assessing board size and independence; therefore, normal director election policy and rules do not apply. Where employee representatives have voting rights in the meeting of board of director, they cannot be considered independent, and the UCIs won't take them into account when evaluating the independence rate of the boards.

Board candidates' professional skills – GenAM shall vote on directors' election with the purpose of providing the company with a board of directors composed of members ensuring an adequate balance of skills, experience,

and independence. Professional skill of board candidates should be adequate to cover the peculiarities of the business managed by the relevant company, taking into account the possible opinion released by the board of directors and/or the nomination committee and the evidence (if available) from the board self-assessment. GenAM positively evaluate the inclusion in the board of at least one member with ESG, ethics or sustainability experience. GenAM will evaluate past performance of the proposed nominee (or in the case of slate elections, of the nominees included in each slate) taking into account the information publicly available and those disclosed by the relevant proponent. GenAM will refrain from supporting candidates, in case of insufficient information on their regard (due to lack or late disclosure of the relevant nominee, the biographies and/or the other information needed to assess the adequacy in terms of skill, time commitment and independence).

Election methods – GenAM is aware of the different procedures provided by the different local regulations and company bylaws. GenAM does not give preference to any particular procedure, provided that the election mechanism, applicable in the specific case, gives shareholders the possibility to express a vote on individual directors to support or on two or more slates of directors to choose from, ensures an adequate representation of shareholders and allows a balanced composition of the board of directors.

As regards resolutions for the introduction of a staggered board, GenAM will evaluate if supporting the resolution considering the rationale provided by the investee company, the composition of the board and the general governance structure of the company, in order to avoid possible misuse of staggered board mechanism.

Duration – Directors should be appointed on a regular time basis, with a preference for terms that, in principle, do not exceed four years. However, GenAM will take into account local market best practice, allowing for longer mandates, or supporting more frequent elections.

Multiple directorships – Board members should have sufficient time to perform their functions and responsibilities to protect shareholders' interests. In particular, executive directors should maintain sufficient availability to deal with unexpected circumstances such as (without limitation) an acquisition, a merger, a takeover or a crisis situation.

As a general principle, a director is deemed to have insufficient time when they failed to attend at least 75% of its scheduled board/committee meeting, without adequate justification. However, a high number of external directorships can limit the ability of the director to effectively purport his/her duty. As a consequence, GenAM will adopt a rigorous assessment of the candidate's time availability if the number of external mandates covered by him/her exceeds the following limits referred to listed companies:

- executive directors: one non-executive directorships and none executive directorships outside the same group;
- non-executive directors: four non-executive directorships and none executive directorships outside the same group;
- Chairman of the Board: two non-executive directorships and none executive directorships outside the same group, provided that any chairmanship of boards and/or committees will be counted as two non- executive directorships.

Board membership – Boards should be adequately sized to ensure the appropriate balance of expertise and diversity but not too wide to avoid detriment to efficiency. GenAM will evaluate the size of the board taking into account the recommendation of the board of directors and/or the nomination committee, considering also the rationale provided by the company for any deviation from the practice observable in the country and/or the business where the company operates. In general, GenAM considers a board appropriately sized when it is composed of, excluding possible non-voting members, at least seven and no more than fifteen members (or, in case of a financial issuer with a one tier model, 18 members), as having too many directors may dilute their responsibility.

Board Committees – of investee companies should be chaired by an independent Chair and composed mainly by non-executive directors. Boards of investee companies should establish specialized committee responsible for those matters where conflicts of interest are likely to arise. Companies should establish at least a majority independent nomination committee, and a fully independent audit committee, a remuneration committee majority independent and without the participation of beneficiaries. GenAM positively evaluates the creation of a specialized committee overseeing the management of material ESG factors and risks. The duties and membership of board's committees should be fully disclosed.

5.2.3 Remuneration

General Principles – Investee companies should adopt a remuneration policy for members and key managers

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consistent with industry best practices, taking into account the Company's performance and effective contributions by directors to support companies' long-term value creation. In particular, an adequate remuneration structure should align the interest of the management with those of shareholders into a sustainable long-term company's growth; moreover, as investee companies' operations have an impact on a wide range of stakeholders, GenAM will positively evaluate remuneration policies which include into the remuneration structure non-financial performance criteria, including, targets related to effective management of material ESG factors and risks.

Remuneration policy of the issuers should be structured by a majority independent committee and without the participation of beneficiaries.

Frequency of Say-on Pay – GenAM expects investee companies to submit to shareholders' vote (i) their remuneration policy at least on a three-year basis and/or (ii) their remuneration report on annual basis, depending on local regulation and requirements.

Any change to the remuneration policy principles and/or processes should be subject to shareholders' approval at the earliest General Meeting. Following the remuneration policy approval by shareholders, any subsequent extraordinary change to performance target and/or criteria should be in principle avoided and subject to shareholders' vote at the following General Meeting.

Remuneration Requirements – The remuneration structure should include a fixed component in line with the market and, for executive directors, a variable component adequately sized to align interests of the management with those of the company, without incentivizing dangerous risk-taking approach. To this scope, variable remuneration should be balanced to promote long term performance and it should be capped to a reasonable maximum percentage of fixed remuneration or maximum predefined amount (taking into account industry and local market practices, skills of the beneficiaries and the rationale provided by the company).

In any case variable remuneration should not be paid in case of poor results, considering also the performance of company's peers. In particular, variable remuneration should be based on observable multiple and diversified performance criteria, to avoid any manipulation and/or subsequent changes made without shareholders' consent. Such criteria should be, in principle, both qualitative and quantitative, taking into account the performance of the company and those of company's peers. The inclusion of a deferral period for a part of the variable remuneration bonus will be positively evaluated. Vesting scale should be clearly disclosed, showing the threshold, target and maximum remuneration based on the level of achievement of the relevant performance indicators. Target should be carefully assessed, in order to be challenging but reachable. Performance indicators should take into account results under the control of the beneficiaries, in order to avoid remunerating external performance and/or influences. Extraordinary payment should be in principle avoided and granted only in case of exceptional circumstances, linked to observable exceptional results and/or extraordinary transaction, reasonably sized and conditional to future company's performance evolution.

Claw-back and malus provisions, allowing the recovery of undue payments, should be provided.

Ownership requirements are supported, where it is a local market practice and, for non-executive directors, to the extent that such shareholdings do not hinder their independence requirements.

Disclosure – Remuneration policy should be sufficiently transparent, complete, and disclosed in a timely manner. In particular GenAM expects companies to provide details on the remuneration paid to directors and management, specifying, in particular with regard to executive directors, the different components of said remuneration and how the company links remuneration with company's long-term performance (for example and without limitation, performance criteria, lasting of vesting period, existence of holding requirements, pay ratio and maximum level of remuneration).

GenAM expects companies to disclose the peers taken into account for defining directors' salaries, in order to evaluate their appropriateness: peer groups should not be too wide, nor too strict and they should include comparable companies, in terms of capitalization, business and geographical distribution. However, benchmarks represent a starting point, as remuneration should be based on actual duties and powers of beneficiaries.

GenAM shall vote AGAINST resolutions for increasing directors' salaries on the basis of sole benchmark consideration, in absence of an explanation by the company which makes opportune an adjustment of the salary (for example: increase of duties, rises in line with the general employee salary increase or due to inflation adjustments).

Short Term Variable Incentive – Annual bonuses should reward performances registered at least on annual basis. Given the strict linkage with actual current issuer's business, performance criteria should be tailored to the company's

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on-time target and periodically revised to take into account the business development. In terms of target pay-mix, short-term incentives component should not exceed long term component.

Long Term Variable Incentive – Long term incentive should be based on performance objectives assessed over a minimum three-year period, with possible additional holding period. Long-term component should represent the main portion of variable remuneration and should be aligned with long term strategy of the company. Therefore, the inclusion of performance criteria consistent with company's long-term business plan is positively evaluated.

Equity Based Incentive Plan – GenAM believes that remuneration committees are in the best position to evaluate the appropriateness of a remuneration structure in terms of pay-mix, aggregate level of remuneration and nature of incentives. However, where short term incentives and/or long term incentives include granting of stocks, in such instances, GenAM shall positively evaluate issuers that (i) disclose the aggregate amount of deliverable stocks and the percentage reserved to the top executives;(ii) limit discount at a reasonable level; (iii) avoid re-pricing and retesting clauses; and (iv) limit dilution at a sustainable level, not exceeding 10% of the issued share capital in 10 years for executive (in aggregate, considering all outstanding incentive plans).

Termination benefits – Moreover, GenAM will in principle vote AGAINST resolutions that provide for departure severance indemnities that are excessive as compared to local market best practices. As a general principle, such indemnities should not exceed two years of remuneration, in addition to due payments linked to notice period or other treatment potentially provided under local applicable laws or as non-competition agreements. It should not be paid in case of voluntary resignation and/or termination with cause.

Supplemental retirement plans – GenAM will in general support resolutions to approve supplemental retirement plans if the annual pension cost and pension contributions are disclosed, the perimeter of beneficiaries is published and based on a certain number of pre-established criteria, including presence within the company at the time of retirement, tenure, and company's performance.

Non - executive directors' remuneration – Non-executive directors and supervisory board members (if any) are primarily entailed with supervisory duties. An appropriate remuneration for these roles should avoid a linkage with financial/operational performance, to preserve the requested independence and accountability. If a variable remuneration is deemed opportune by the issuer and/or foreseen by local market practices (e.g., USA, Germany), it should nevertheless be linked to the director's performance metrics.

5.2.4 Transparency and quality of financial and non-financial information

Investee companies' reports and financial statements and non-financial statements should be transparent and formed on the basis of true and complete information. They should highlight the strategy and the future prospects over the long-term period, as well as the main risks to which the issuers are exposed and should be released promptly.

Issuers should also publish all relevant non-financial information including Environmental, Social and Governance related information, in order to provide shareholders with a complete framework of data to correctly assess the overall issuer's performance and extra-financial risks connected with issuer's operation.

GenAM shall vote AGAINST the approval of financial and non-financial statements in case of material breaches with issuer's disclosure obligation or where relevant reservations are expressed by the independent auditors entailed with the certification of the accounts.

Discharge – GenAM is not in favor of discharging the board in jurisdictions where it is not an usual practice and/or if the discharge would limit any possible legal action from shareholders. In any case the UCIs shall not support resolutions for discharging the management in case of alleged serious misbehavior, negligence and/or prejudice to shareholders' interest. In absence of any evidence of misconduct or damage to shareholders' interest, GenAM may, in principle, support voting for discharging the management, if it is a market practice, not hindering shareholders' legal faculties.

Appointment of external auditors – Issuers should appoint an auditor chosen among subjects with adequate professional skills and free of conflicts of interests. Independence of the auditor is fundamental for its accountability and preservation of shareholders' interest. Where external auditor has to be ratified by shareholders, these have to be provided with all information necessary to correctly assess the resolutions, including information on the existence of additional mandates (other than audit mandate), proposed wage and duration of the mandate.

Independence on the auditor will be assessed taking into account:

- The ratio of audit fees on non-audit fees, provided that non-audit fees should not exceed 50% of audit fees, and provided also that not sufficiently detailed audit related fees will be qualified by the Group as non-audit fees;
- Existence in the past 5 years of additional economic interest between the auditor's firm and/or its partners and the company and/or its group (including corporate officers);
- Existence of familiar relationship between the auditor's firm and/or its partners and the management of the company and/or its group.
- GenAM shall vote AGAINST the appointment of external auditors in case of material lack of transparency in auditor's selection or lack of independence.
- Except for divergent local market practices, the appointment of an audit firm or a statutory auditor should not exceed 10 years. Audit tenders should take place regularly at least every 10 years unless compelling reasons.

Dividend pay-out – Investee companies should disclose their dividend pay-out policy. These policies' content should be in line with shareholders expectations, the issuer's financial needs and consistent with long-term development. Investee company's allocation resolutions are assessed on a case-by-case evaluation from the GenAM, based on financial metrics (including coverage of dividends by earnings and/or free cash flow), past practices (taking into account year on year changes and supporting rationale), business practices (with reference to issuer's peers and local market trends). Investee companies are expected to pursue a sustainable dividend policy, preserving the long-term value of the issuer, also through dividend distribution covered by earnings and/or free cash flow.

5.2.5 Equity Transactions and debt

Free share awards – GenAM is in favor of employee shareholdings. Reasonable discounts will be tolerated as long as employee shareholdings do not exceed 10% of total issued share capital, in order to provide proper incentives but without unbalancing shareholders' interests.

Because of their potential dilution, GenAM shall vote FOR authorizations for free share awards covering corporate officers that do not exceed (in a five-year period) 5% of the issued share capital and should be subject to performance conditions and that are announced beforehand to the General Meeting of shareholders.

Equity issuance – General issuance requests made to shareholders to raise equity funding should be strategically justified and financially balanced.

These operations must be given special attention, as, on one hand, they provide the management with an effective instrument to promptly raise funds on the market without calling dedicated shareholders' meeting for each issuance, but, on the other hand they could lead to a considerable dilution in equity ownership. Unless they are intended for a particular project, cumulative capital increases must not account for more than 50% of the issued share capital. Preferential shareholder rights are of fundamental importance during capital increases.

To this respect, GenAM shall vote AGAINST resolutions (unless reasonable compelling rationale – as the need to maintain capital ratio requirements – is provided by the management):

- If issuance authorizations with pre-emptive rights exceed 50% of the issued share capital and no intended specific purpose is disclosed (66% as customary in United Kingdom);
- If capital increases without pre-emptive shareholders rights and with a priority subscription exceeding 33% (20% in France and United Kingdom) of the issued share capital, unless it is justified by a particular project;
- In case of no specific and justified projects, capital increases without preferential shareholders rights and without a priority subscription period must not, on the whole, exceed 20% (10% in France and United Kingdom) of the issued share capital;
- If the company cash is used to buy-back its own shares when the company is carrying significant debt.

Generally, the evaluation on the general issuance requests is extended also to ancillary resolutions (e.g., Green

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shoe) and to the issuance of convertible debt instruments (provided that, in such case, GenAM take into account in a more relevant way also the financial burden deriving from the transaction).

Debt issuance - GenAM assesses the merit of the proposed resolutions on a case by case basis, expecting that debt instruments comply with official national and international environmental and social standards and local laws and regulation.

5.2.6 Extraordinary transactions

Extraordinary transactions (including reserved equity transactions) such as (without limitation) mergers, contributions and spin offs will be assessed on a case-by-case basis by UCIs, taking into account:

- the timely availability of sufficient information on the transaction;
- the statements in the fairness opinion (if any) and the consistency with the transaction price;
- the coherency of the transaction with the long-term strategy of the company;
- the corporate governance structure resulting from the transaction;
- the absence of material prejudice to shareholders' interest and/or any interest with the existing management;
- the short-term and long-term potential outcome;
- the competitive framework for the company before and after the completion of the transaction;
- the market reaction to the announcement of the possible transaction;
- the economic impact on shareholders' value.

GenAM shall vote AGAINST the proposed transactions in case of material default under the abovementioned criteria.

In case of no specific and justified projects, general requests of authorization of in-kind contributions or public share exchange offers shall be in principle rejected: however GenAM may support such resolutions where (i) an adequate rationale is provided by the issuer, (ii) there are no elements triggering a material prejudice to shareholders' interest; (iii) the overall transaction is conducted in a transparent way, it is supported by an independent assessment and it aims at fostering the medium-long term interest of shareholders.

5.2.7 Environmental factors and risks

GenAM expects investee companies to carefully assess risks related to material environmental factors and - to disclose the results of this assessment, the management measures in place and the results achieved in gradually integrating in their business model and activities the following environmental objectives:

- climate change mitigation and adaptation (such as carbon footprint and vulnerability to climate-related physical and transition risks),
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention control,
- protection and restoration of biodiversity and ecosystems.

In situations of severe or systematic violations or lack of processes and compliance mechanisms in respect to the above, if 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 one or more directors responsible for the matter.

5.2.8 Climate change mitigation and adaptation

With specific regard to climate change mitigation and adaptation, GenAM exercises its voting rights by advocating for, and engaging on, corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.

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In respect to climate resolutions proposed by management, to ensure a proper and consistent approach, GenAM performs merit-based evaluations of them on the basis of the following set of consistent criteria:

- Put into place of policies and transition plans that commit the company to net-zero GHG emissions across their value chains by no later than 2050 and to be supportive of the transition to a net-zero GHG emissions world by 2050;
- Accelerated progress towards full 'green' on the CA100+ Net Zero Company Benchmark indicators, or, if not a CA100+ target company, still meets all of its expectations;
- Set science-based near-term GHG reduction targets that are in line with reaching net-zero emissions by 2050, and consistent with maximum 1.5°C of warming;
- Developed and implemented plans for its businesses to remain viable in a carbon neutral economy, with meaningful consideration of associated social impacts;
- Supported the adoption and implementation of governmental policies that facilitate the transition to net-zero emissions;
- Supported, prepared for and not disrupting pricing mechanisms on GHG emissions;
- Taken action and make progress on efforts to lower GHG emission intensity of their operations and products,
- Disclosed its efforts and progress on decarbonization in line with the four core elements of Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

In respect to climate resolutions proposed by shareholders, GenAM will in principle support resolutions requesting investee companies to disclose their GHG emissions levels as well as any strategy that investee companies may have adopted (including any progress made year over year) or will adopt to reduce the emissions in the future, and to provide shareholders with the opportunity to periodically express approval or disapproval of the plan.

5.2.9 Social factors and risks

GenAM expects investee companies to carefully assess risks related to material social factors and - in line with globally recognized business principles - to disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks and integrating in their business model and activities the following objectives² related to:

- Human Rights;
- Labour;
- Anti-corruption;
- Consumer interests;
- Science and technology;
- Unfair competition;
- Taxation.

In situations of severe or systematic violations or lack of processes and compliance mechanisms in respect to the above, if 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 one or more directors responsible for the matter.

5.2.10 Diversity Equity & Inclusion

With specific regard Diversity Equity & inclusion, GenAM is committed to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. We are committed to equity to achieve impactful results by promoting fair treatment and access to opportunities, while working to eliminate the institutional and unconscious barriers that limit everyone from unleashing their full potential. GenAM promotes diversity of all kinds i.e., in terms of gender, age, seniority of office, educational and professional background, ethnicity and nationality) at all corporate bodies level.

GenAM believes that equality must be ensured in all areas, including employment, work and pay.

² Social objectives refer to the UN Global Compact's Ten Principles and the OECD Guidelines for Multinational Enterprises.

GenAM expects companies to have in place a policy on diversity and inclusion possibly linked to company strategy, to set and disclose targets and plans, aimed at creating a more balanced ratio between genders at all company levels (boards, management and employees). Targets should be appropriate and ambitious, publicly disclosed and subject to revision and adjustment.

In situations of poor employment, work and pay practices, especially where company practices are below local 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 nomination committee chair (or of the components of the nomination committee or the Chair of the Board, if the nomination committee chair is not up for re-election).

With specific regard to gender diversity at Board level, GenAM 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 (e.g., absence of concerns on candidate's experience, independence of the board, time commitment).

5.2.11 Special provisions for market-wide and systemic risks

GenAM recognizes that issuers and the entire financial system are exposed to potential market-wide and systemic risks that include but are not limited to changes in interest rates, geopolitical issues, currency rates, climate change, natural disasters and pandemics.

As responsible investor, GenAM promotes the adoption of case-by-case approach, on the basis of company-specific, sector-specific and market-specific facts and circumstances, to shape and favor a long-term sustainable recovery and to allow companies to become resilient to changed condition.

5.2.12 Special provision for small and unlisted companies

GenAM is aware of the differences existing among listed and unlisted companies. However, GenAM also believes that the promotion of Corporate Governance and Sustainability practices also in unlisted companies may foster their long-term value and allow higher returns for shareholders.

To this scope, GenAM shall support resolutions promoting better corporate framework and effective management of ESG factors-related risks in line with international best practices, taking however account of the existing needs and circumstances. In this sense the principles embedded in this Policy will represent a guidance which will however be applied through a proportional approach, to avoid those strict prescriptions may impose additional unbearable costs for small and unlisted companies and/or limit their ability to compete on the market. In any case, transparency should always be sufficient to allow shareholders to adequately assess the feasibility of the resolutions and alignment with corporate strategic goals.

5.2.13 Transactions with Related Parties

GenAM expects issuers to set up a procedure for transacting with related parties ensuring an adequate level of transparency, supervised by an independent committee, where requested by the relevant legal framework. Transaction with related parties should be carried on in a fair and balanced way, transparently disclosing to the market all relevant information to allow an informed vote by shareholders, when requested.

When voting on transaction with related parties, GenAM will take into account the opinion expressed by the independent committee responsible for supervising the process, the commercial fairness of the transaction and how conflict of interest is addressed. GenAM may vote AGAINST in case of insufficient disclosure and/or when the fairness of the transaction is questionable, as compared to market practice.

Any voting recommendations on resolution items different from the abovementioned ones shall in any case be issued on the interest of UCIs, its investors as well as individual portfolio clients.

The decision on the exercise of voting and intervention rights to meetings is taken in the exclusive interest of the UCIs, of the unit-holders as well as individual portfolio clients preventing and managing possible conflicts of interest that may affect the independence of decisions taken in this context.

5.2.14 Coordination with engagement results

When GenAM does not see progress despite ongoing engagement, or companies are insufficiently responsive on matters GenAM believes that contribute to long-term value creation or when the remediation plan of the investee company appears weak, may signal its disappointment to the relevant company by voting against relevant management proposals directly addressing the topic of concern and/or indirectly expressing contrariety (e.g. by voting against the discharge of responsibility of the Directors in markets where that is an option, withholding support for the re-election of responsible members of the Board of Directors, opposing to executive remuneration that does not have a link with the sustainability targets GenAM is advocating for in its engagement effort). The rationale of the dissent vote must be recorded.

In voting on a shareholder proposal, GenAM does not consider a productive engagement as an excuse for a deviation from its ordinary voting behavior.

5.2.15 Issues not foreseen by voting principles

For those resolutions submitted to investors' vote and not directly falling within the scope of the Guideline, GenAM votes taking into account the existing circumstances, the rationale provided by the relevant company and/or investor(s) submitting the resolution, evaluating the possible risks and opportunities, the governance framework of the investee company, the availability of sufficient information, and the alignment with long-term investors' interests.

6 Disclosure Obligations

Pursuant to the applicable law, GenAM publishes on its website the updated version of this Policy and the annual communication - to be disclosed to the public within February 28th of each year – describing how this Policy has been implemented, including a general description of voting behaviors, an explanation of the most significant votes and the possible use of proxy advisory services.

To this end, Active Ownership is in charge for drafting the abovementioned annual communication and to transmit it, together with the updated version of this Policy, to the Marketing Function. In particular, Active Ownership asks to the Marketing Function to timely publish the updated version of this Policy as well as the abovementioned annual communication on the section dedicated to GenAM of this website <https://www.generali-investments.com>.

Active Ownership submits to the BoD the annual communication prior to its publication on the abovementioned internet page, for information purposes.

7 The management conflict of interest connected to the engagement

As a general rule, Active Ownership abstains from exercising voting rights linked to Assicurazioni Generali as well as any other Investee Issuers belonging to the Generali Group.

By way of exception to the foregoing, when Active Ownership intends to exercise voting rights linked to equity of Investee Issuers of the Generali Group, Active Ownership will explain the reasons based on which the decision to take part to the vote is not determined by the fact that the issuer is part of the Group, and therefore influenced by a conflict of interest, but exclusively by acting in the interest of the managed funds and the clients.

In addition to the foregoing, the GenAM Conflicts of Interests Policy applies each time the Investee Issuers is an entity falling under those with which a potential conflict of interest situation can occur according to the said Policy. In this case, the measures for the management of the conflict of interest situation, provided under the abovementioned GenAM Conflicts on Interests Policy, apply as well.

8 Communication and obligations toward Institutional Investors

8.1 AGREEMENT MINIMUM REQUIREMENTS

GenAM is obliged to specify, in the individual or collective agreements it executes with Institutional Investors, the following elements, unless the Institutional Investors expressly refuse to include such elements in the abovementioned agreements, to allow the Institutional Investors to comply with their disclosure obligations:

- a) the ways in which the agreement encourages GenAM to align the strategy and investment decisions with the profile and duration of the liabilities of the Institutional Investor, in particular long-term liabilities;
- b) the ways in which the agreement encourages GenAM to make investment decisions based on the assessments relating to the long and medium-term financial and non-financial results of the Investee Issuers and to engage with these issuers to improve the medium and long-term results;
- c) the ways in which the method and the time horizon for assessing the results of GenAM and its remuneration for the management activity are in line with the profile and the duration of the liabilities of the Institutional Investor, in particular long-term liabilities, and takes absolute long-term results into account;
- d) the ways in which the Institutional Investor controls the portfolio turnover costs incurred by GenAM, as well as the ways in which it defines and controls a predetermined portfolio turnover value and the related variation range;
- e) the possible duration of the agreement.

GIH Investment Legal Affairs, ensures completeness of the individual or collective management agreements with Institutional Investors entered into by GenAM, in cooperation with, and with the support of the Portfolio Officers.

8.2 ANNUAL COMMUNICATION

GenAM communicates, on an annual basis, to the Institutional Investors with which it has in place individual or collective management agreements the information needed by the latter to comply with their disclosure obligations as well as the way in which GenAM investment strategy and its implementation contribute to the medium and long-term return of the assets of institutional investors or the UCIs invested by Institutional Investors.

To this end, Active Ownership with the other relevant functions for the parts of their competence, is in charge for drawing up a communication, which shall at least include:

- a) reports on the main medium and long-term risks associated with investments, on the composition of the portfolio, on its turnover and on the related costs, on the use of proxy advisors for the purposes of commitment activities and, where applicable, on their policy for granting securities on loan as well as the way in which the latter is implemented in order to pursue their commitment activities, in particular at the General Meetings of investee companies;
- b) information on the possible adoption, and related procedures, of investment decisions based on an assessment of the medium and long-term results of the investee companies, including non-financial results;
- c) information on the possible occurrence of conflicts of interest in connection with the commitment activities and the measures taken by the asset managers to manage them.

Active Ownership transmits the abovementioned communication to the Client Reporting Function which is in charge for drafting the UCIs' annual financial report or, in the case of individual management agreement, the periodic financial report to clients. The Client Reporting Function is then in charge to ensure that the UCIs' annual financial report and the periodic financial report include the relevant communication.