

**Generali Investment Partners S.p.A. SGR**

**PRINCIPAL ADVERSE SUSTAINABILITY  
IMPACT STATEMENT**

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



[generali-invest.com](http://generali-invest.com)

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

### 1. SUMMARY

Generali Investment Partners S.p.A. SGR ("GIP" – LEI No. 549300DDG9IDTO0X8E20) 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 Investment Partners S.p.A. SGR.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

Summary of the principal adverse impacts:

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)
Sovereigns and supranationals	2	4	Investments in companies without carbon emission reduction initiatives
	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, GIP is eager to promote progress on global environmental and social challenges. We believe the material impact that GIP can have on global sustainability factors is of the greatest importance, pursuing investment actions to accelerate the transition to a low-carbon emission economy. On the other hand, it is GIP 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, GIP 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.

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

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact year n-1 NA	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	212543.22		Expressed in (tCO2e) Coverage : 83.78%	GIP 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.
		Scope 2 GHG emissions	35719.33		Expressed in (tCO2e) Coverage : 83.78%	
		Scope 3 GHG emissions	1917996.78		Expressed in (tCO2e) Coverage : 83.63%	
		Total GHG emissions	2166663.09		Expressed in (tCO2e) Coverage : 83.63%	
	2. Carbon footprint	Carbon footprint	446.93		Expressed in (tCO2e / €M invested) Coverage : 83.63%	GIP exclusion criteria and thresholds on Coal are detailed in the Annex I “Coal and Unconventional Oil & Gas Sector Exclusion” of the GIP Sustainability Policy. In this document are detailed also exclusion criteria and threshold for Fossil fuels from Tar Sands, Oil and Gas extracted by Fracking or from Artic Circle.
	3.GHG intensity of investee companies	GHG intensity of investee companies	806.72		Expressed in (tCO2e / €M revenue) Coverage : 95.66%	
	4.Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.89%		Coverage : 96.74%	
	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, expressed as a percentage of total energy sources	67.05%		Coverage : 90.97%	GIAM Active Ownership function (Active Ownership), based on an outsourcing contract between GIP and GIAM, is in charge for the exercise of voting rights and engagement execution activities.
	GIAM Active Ownership function assesses, according to the GIP 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). GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.					

	6. Energy consumption intensity per high impact climate sector	<b>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector:</b>				GIAM active ownership function assesses, according to the GIP 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). GIAM executes engagement activities according to the GIP Engagement Policy.
		NACE Code A (Agriculture, Forestry and Fishing)	0.36		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code B (Mining and Quarrying)	0.78		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code C (Manufacturing)	0.54		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	3.88		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	3.30		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code F (Construction)	0.16		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.96		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code H (Transportation and Storage)	0.69		Expressed in (GWh / €M revenue) Coverage : 91.52%	
		NACE Code L (Real Estate Activities)	0.41		Expressed in (GWh / €M revenue) Coverage : 91.52%	
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	0.16%		Expressed in (GWh / €M revenue) Coverage : 96.77%	<p>According to Annex I “Coal and Unconventional Oil &amp; Gas Sector Exclusion” of the GIP Sustainability Policy, GIP 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>GIAM Active Ownership function assesses, according to the GIP 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. GIAM Active Ownership</p>

						function executes engagement activities according to the GIP Engagement Policy.
Water	8.Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00		Expressed in (Tons / €M invested) Coverage : 0.69%	<p>According GIP Controversies Exclusion of the Sustainability Policy, companies involved in very severe controversies related to water emissions may be excluded from GIP 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>GIAM Active Ownership function assesses, according to the GIP 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. GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.</p>
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	1.03		Expressed in (Tons / €M invested) Coverage : 32.18%	<p>According GIP Controversies Exclusion" of the Sustainability Policy, companies involved in very severe controversies related to waste may be excluded from GIP investments.</p> <p>GIAM Active Ownership function assesses, according to the GIP 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. GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.</p>
<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	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.60%		Coverage : 95.65%	As part of the GIP Sustainability Policy, GIP 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.

	Multinational Enterprise					<p>During the reference period, the Issuers identified by the application of the ethical filter stated in the sustainability above were excluded and no new investment were carried in any asset class. For existing exposure (if any), opportunistic sales have been applied in line with the best interest of the clients/investors.</p> <p>GIAM Active Ownership function assesses, according to the GIP 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. GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.</p>
	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	18.77%		Coverage : 96.55%	<p>GIAM Active Ownership function assesses, according to the GIP 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. GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.</p>
	12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.91%		Coverage : 32.66%	<p>GIAM Active Ownership function assesses, according to the GIP Engagement Policy, the AGM resolutions expecting issuers to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. GIP 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, GIP 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). GIAM Active Ownership function executes</p>

						engagement activities according to the GIP Engagement Policy.
	13.Board diversity	gender Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	40.89%		Coverage : 93.90%	GIAM Active Ownership function assesses, according to the GIP Engagement Policy, the AGM resolutions expecting issuers to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. GIP 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, GIP 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). GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy. GIP is member of the 30%club. The 30%club is investor engagement campaign aiming to boost the number of women in board seats and executive leadership of companies all over the world.
	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%		Coverage : 95.58%	As part of Annex II "Controversial Weapons" of the GIP Sustainability Policy, GIP avoids investing in companies that develop or produce cluster bombs, antipersonnel landmines, nuclear weapons, depleted uranium or biological and chemical weapons, or key components/services of such weapons. In addition, GIP does not invest in companies that offer supplemental services for nuclear weapons, such as nuclear weapon repair and maintenance, stockpiling and stewardship, research and development (R&D), testing, and simulations, among other things.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2022</b>	<b>Impact year n-1 NA</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Environmental	15.GHG intensity	GHG intensity of investee countries	246.06		Expressed in (tCO2e / €M GDP) Coverage : 98.75%	No relevant actions taken currently. However, GIP is exploring the possibility to implement new actions regarding this indicator.  The carbon emissions of the sovereign issuers are also included in

						the evaluation of the climate profile of the country, which contributes to forming the ESG rating implemented in Group investment decision and may lead to exclusion from Group investments in case the country is identified as ESG laggard.
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%		Coverage : 98.75%	As part of GIP Controversies exclusions of the GIP Sustainability Policy applicable to Sovereign issuers, GIP will exclude FATF black list and EU non cooperative jurisdictions for tax purposes. GIP also exclude countries with a low level of freedom and rights enjoyed by the individuals (score that falls in the bottom 5% of the Freedom House List).

**Indicators applicable to investments in real estate assets**

Adverse sustainability indicator		Metric	Impact 2022	Impact year n-1 NA	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.		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.		Coverage : n.a.	n/a

**Other indicators for principal adverse impacts on sustainability factors**

**Table 2 - Additional climate and other environment-related indicators**

Indicators applicable to investments in investee companies						
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	30.11%		Coverage : 95.78%	<p>GIP voluntarily pledges the reduction of portfolios' emissions and more broadly, the low-carbon transition. GIP 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>In addition, GIAM Active Ownership function assesses, according to the GIP Engagement Policy, the AGM resolutions expecting issuers</p>



						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). GIAM Active Ownership function executes engagement activities according to the GIP Engagement Policy.
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**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**

Governance	22.Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0.00%		Coverage : n.a.	As part of GIP Controversies exclusions of the GIP Sustainability Policy applicable to Sovereign issuers, GIP will exclude FATF black list and EU non cooperative jurisdictions for tax purposes.
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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.

GIP, 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.

GIP, 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. GIP can have an important impact on the environment through its investment choices. As an asset manager, GIP 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, GIP deems business involvement and behavior of the investee companies to be of the utmost importance. These factors could impact negatively the broader society and the corporate governance, hence the long-term performance, of the investee companies.

Also in light of the above, GIP identifies and prioritizes principal adverse impacts listed in the following table in connection with each of which the 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	2023/02/24	GIAM ESG Integration & Solutions
	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	<b>Controversial Weapons Exclusion</b> - Annex 2 of Sustainability Policy		
	1	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises			
	1	14	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)			GIAM ESG Integration & Solutions
Sovereign issuers	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	<b>Controversies Exclusion of the Sustainability Policy</b>	2023/02/24	GIAM ESG Integration & Solutions
	3	22	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes			

The last version of the sustainability policy has been approved by the GIP Board of Directors upon proposal of GIP CEO on 2023/02/24. Below the main roles and responsibilities resulting by this policy:

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

<b>GIAM ESG INTEGRATION AND SOLUTIONS (ESG I&amp;S)</b>	<p><b>ESG Integration and Solutions (ESG I&amp;S)</b>, based on an outsourcing contract between GIP and GIAM, is in charge for defining the sustainability risk assessment methodology and the management of the ESG ratings and scores, including climate metrics. ESG I&amp;S supports and collaborates with Investments and Research Functions providing inputs on thematic and corporate sector relevant ESG as well as climate related topics in order to inform the investment decision-making process with updated quantitative and qualitative information. ESG I&amp;S is also in charge of updating the lists of Restricted investments according to the exclusion principles as set by GIP's own policies and/or the clients in their Responsible Investment Guidelines, including analysis of controversies.</p> <p>ESG I&amp;S liaises with Active ownership function to identify and support Active Ownership activities (voting and engagement).</p>
<b>INVESTMENTS FUNCTION</b>	<p><b>Investments Function</b> collaborates with ESG I&amp;S team in order to ensure that the investment decision-making 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.</p> <p>It ensures the first level of control in monitoring the exposure towards issuers included in the Restricted lists throughout FO portfolio management platform Simcorp (both GIP and Client's own Exclusion list). exposure towards issuers included in the Restricted lists (both GIP and Client's own Exclusion list).</p>
<b>RISK MANAGEMENT FUNCTION</b>	<p><b>Risk Management function</b>, based on the ESG criteria defined by GIAM ESG Integration &amp; Solutions 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. It ensures the second level of control in monitoring the exposure towards issuers included in the Restricted lists (both GIP and Client's own Exclusion list).</p>
<b>GIAM Active Ownership function</b>	<p>GIAM Active Ownership function (Active Ownership), based on an outsourcing contract between GIP and GIAM, is in charge for the exercise of voting rights and engagement execution activities.</p>

According GIP Controversies Exclusion of the Sustainability Policy, companies involved in very severe controversies related to water emissions may be excluded from GIP investments. In this document are detailed also exclusion criteria and threshold for Fossil fuels from Tar Sands, Oil and Gas extracted by Fracking or from Artic Circle. 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. Companies involved in very severe controversies related to waste may be excluded from GIP investments.

As part of the GIP Sustainability Policy, GIP 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.

According to Annex I "Coal and Unconventional Oil & Gas Sector Exclusion" of the GIP Sustainability Policy, GIP 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).

As part of Annex II "Controversial Weapons" of the GIP Sustainability Policy, GIP avoids investing in companies that develop or produce cluster bombs, antipersonnel landmines, nuclear weapons, depleted uranium or biological and chemical weapons, or key components/services of such weapons. In addition, GIP does not invest in companies that offer supplemental services for nuclear weapons, such as nuclear weapon repair and maintenance, stockpiling and stewardship, research and development (R&D), testing, and simulations, among other things.

This Principal Adverse Sustainability Impact Statement has been approved by the Board of Directors of Generali Investment Partners SGR S.p.A. on 2023-06-22

## Additional principal adverse impact indicators

For what concerns the two additional principal adverse impact indicators required by the Regulation, GIP 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, GIP 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.](#)

## Data sources, scope and 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, Generali has adopted its best efforts to complete the values for each indicator. As GIP, 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 and regulatory interpretation topics (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 2023 and going forward we plan to improve the reporting, liaising also with data providers to increase coverage and further develop our methodology, consistently with the instructions of the regulation to provide a best effort view of our portfolio's exposure to adverse impacts.

### Data sources

GIAM on behalf of GIP leverages mainly on external data providers for the calculation of the PAIs disclosed in this report. Specifically, for PAIs on corporate and sovereign investments: GIAM 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 (PAI 10 – 14 – 16) where an additional step of internal assessment is applied to fully reflect the approach to the management and prioritization of PAIs. GIAM 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 PAI figures hereby presented include only the direct investments into investee companies; sovereigns and supranationals and is limited to the availability of information from the main ESG data providers used by GIP. GIP is currently working on setting up a reporting solution that includes also indirect investments, while also engaging with data providers to improve the coverage and data quality for funds. GIP policies already provide with expectations for integrating sustainability in the indirect investment decisions.

## 4. ENGAGEMENT POLICIES

GIP 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 GIP Engagement Policy, available online, defines the principles, active ownership activities<sup>2</sup>, and responsibilities leading the role of GIP as an asset manager. In this role, GIP 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 GIP 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.

GIAM Active Ownership function (Active Ownership), based on an outsourcing contract between GIP and GIAM, is in charge for the exercise of voting rights and engagement execution activities.

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<sup>2</sup> For the Private Capital funds the Engagement is performed only for funds classified as art. 8 under SFDR Regulation. The Engagement activities are performed by the GIP ESG Private Assets unit directly with the investment opportunity through dedicated meetings both during the Due Diligence phase and during the monitoring/reporting activities.

## Engagement approach

In general, Engagement is considered by GIP as a constructive dialogue with different goals: to reinforce the understanding of the invested companies, to share the GIP 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:

- i) **Definition of Engagement priority list** – The first step is the definition of “Priority Engagement lists” (list of issuers), defined within “GIP 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;
- ii) **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);;
- iii) **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;
- iv) **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;
- v) **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, carbon intensity, reduction in coal capacity for climate related engagements,
  - Independence of the board, diversity ratio, pay ratio for governance related engagements,
  - Human rights, corruption controversies for social related engagements.

## 5. REFERENCES TO INTERNATIONAL STANDARDS

GIP does not directly adhere to any 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), TCFD (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 define within these international standards to all Generali Group Legal entities. GIP has implemented those principles, that are linked to all the considered PAIs in this document, within its sustainability policy.

GIP is not currently using a forward-looking climate scenario, but it is working to implement it, in the future, in its investment process.

## 6. HISTORICAL COMPARISON

Historical comparison will be provided by June 2024, when will be issued the statement on principal adverse impact indicators with the figures for both 2022 and 2023 reference periods.