



GENERALI
INVESTMENTS

Generali Insurance Asset Management S.p.A.
Società di gestione del risparmio

ACTIVE OWNERSHIP REPORT

2020

Content

Foreword

- Introduction
- About this report
- Abbreviations and acronyms



GIAM Engagement Policy

1. GIAM Engagement Policy



Voting

- 2.1 Main highlights
- 2.2 Overall proxy season (shareholders meetings)
- 2.3 Meeting per country
- 2.4 Voting at a glance
- 2.5 Focus on ESG shareholder's resolutions
- 2.6 Most Significant Votes
- 2.7 Voting activities in the ESG integration process
- 2.8 Voting advisory services



Engagement

- 3.1 Engagement approach
- 3.2 Engagement process
- 3.3 Engagement activities in 2020
- 3.4 Direct engagements
- 3.5 Collaborative engagements



Introduction



Generali Insurance Asset Management S.p.A. Società di gestione del risparmio (GIAM) - as responsible investor - is deeply committed to promoting sustainability in investee issuers through proxy voting and engagement.

Among the most significant engagement trends that have emerged during the last years, and particularly in 2020 with the rise of the climate change challenge, we have seen engagement being promoted as one major lever to contribute to the transition to a climate-neutral society that is both an urgent challenge and an opportunity to build a better future for all.

It is our responsibility to engage highlighting material concerns we have and thus stimulating changes.

With regards to proxy voting, during 2020 season, we have noticed that, globally, issuers have made a continuous effort to improve corporate governance standards. Above all, thanks to the pressure from institutional investors and the implementation of Shareholder Rights Directive II in European Countries, investee companies have reached a higher degree of transparency on executive compensation frameworks and practices. However, we have seen additional work has to be done, particularly with regard to the disclosure of long-term incentives KPIs. Furthermore, we reiterate the importance of linking executives Directors' performance to financial and non-financial performance criteria, including, where appropriate, ESG factors. In fact, we have been evaluating positively the presence of ESG metrics in executive compensation for many years and now we believe the inclusion of these KPIs in remuneration practices has to be an expected and needed development.

Since the start of the new year, GIAM has launched several new engagement campaigns based on different themes. Climate change represents a large part of our engagement effort, and it will remain, maybe even increase, in the future. In addition, we are committed to engage companies on social issues as the awareness of topic is quickly increasing among the market operators. Governance (including the minority lists in Italy), corruption and other environmental issues including biodiversity will be also priority themes.

Livio Gentilucci

*Head of Investment Stewardship
Generali Insurance Asset Management*



Download the document "Generali Insurance Asset Management Engagement policy"

[generali-investments.com](https://www.generali-investments.com) > About us > Generali Insurance Asset Management

About this report



The 2020 Active Ownership Report reflects the effort made during the 2020 calendar year on strengthening our approach to Stewardship. It provides information and performance data on the proxy voting and engagement activities performed during the last season.

The report focuses on actions GIAM has taken on the Governance issues that are most material to our business and our stakeholders and, in addition, it describes the way we interact with issuers to understand how they addressed ESG issues over time.

The document comprises two sections:

- Section one gives a brief presentation of our voting principles contained in the GIAM Engagement Policy and includes our proxy voting data with a description of the Most Significant Votes expressed in 2020.
- Section two covers engagement, exploring the different engagement strategies put into action in 2020.



Abbreviations and Acronyms

AGM	Annual General Meeting
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social and Governance
KPI	Key Performance Indicator
LTIP	Long-term Incentive Plan
TCFD	Task force on Climate-related Financial Disclosure



1. GIAM Engagement Policy

GIAM Engagement policy - [available online](#) - governs Active Ownership activities and its objective is to:

- comply with EU Shareholder Directive Rights II and its Italian implementing provisions;
- define the principles leading the engagement behavior also with regard to ESG topics;
- define main interactions, roles and responsibilities related to the GIAM engagement process.

This Policy content complies with the above-mentioned regulatory framework and includes how GIAM:

- monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance,
- conduct dialogues with investee companies,
- exercise voting rights and other rights attached to shares,
- cooperate with other shareholders,
- communicate with relevant stakeholders of the investee companies,
- manage actual and potential conflicts of interests in relation to their engagement.

This Policy contains the instructions on reporting of engagement activities mentioned above.

2. Voting



This section includes the overall aggregated data related to the voting activities performed by GIAM under the governance of the GIAM Engagement Policy on behalf of the (i) UCIs set up and managed by GIAM (ii) UCIs managed by GIAM for which there is a delegation agreement conferring the voting right to GIAM on a discretionary basis as well as (iii) the individual portfolios managed by GIAM for which the client conferred the voting right to GIAM on a discretionary basis.

All the votes we performed are considered “Significant Votes”. For the “Most Significant Votes”, please see paragraph 2.6.

Full list of “Significant Votes” is available in the **Annex I** attached to this document.

2.1 Main highlights for 2020



187

Meetings
(bondholders & shareholders)



15 Countries covered



2,811

Resolutions voted
(bondholders & shareholders)



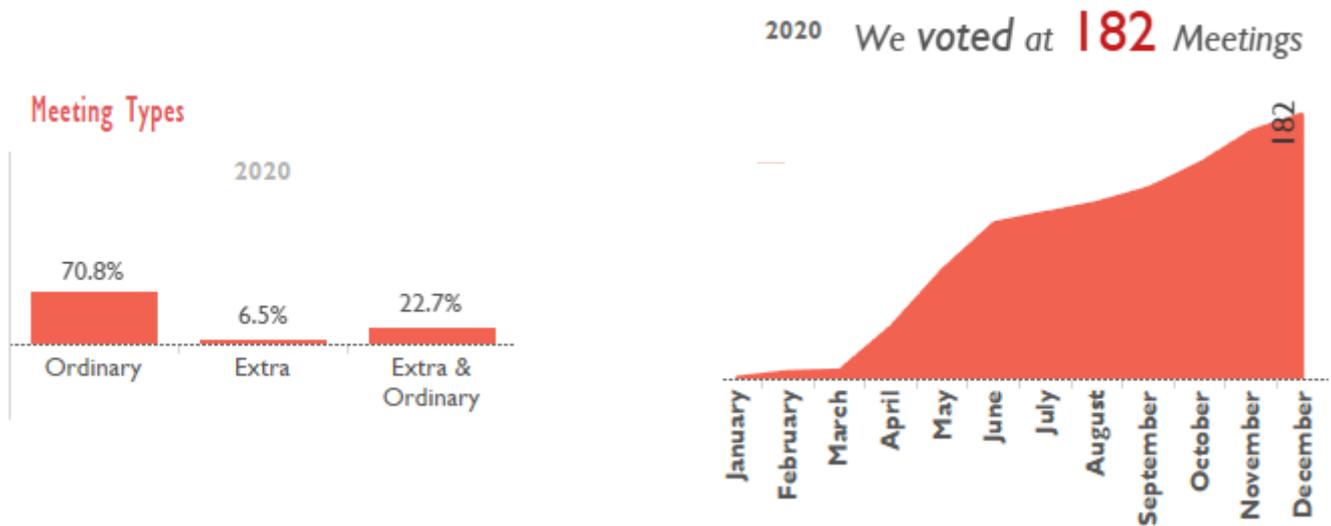
9%

Negative opinions



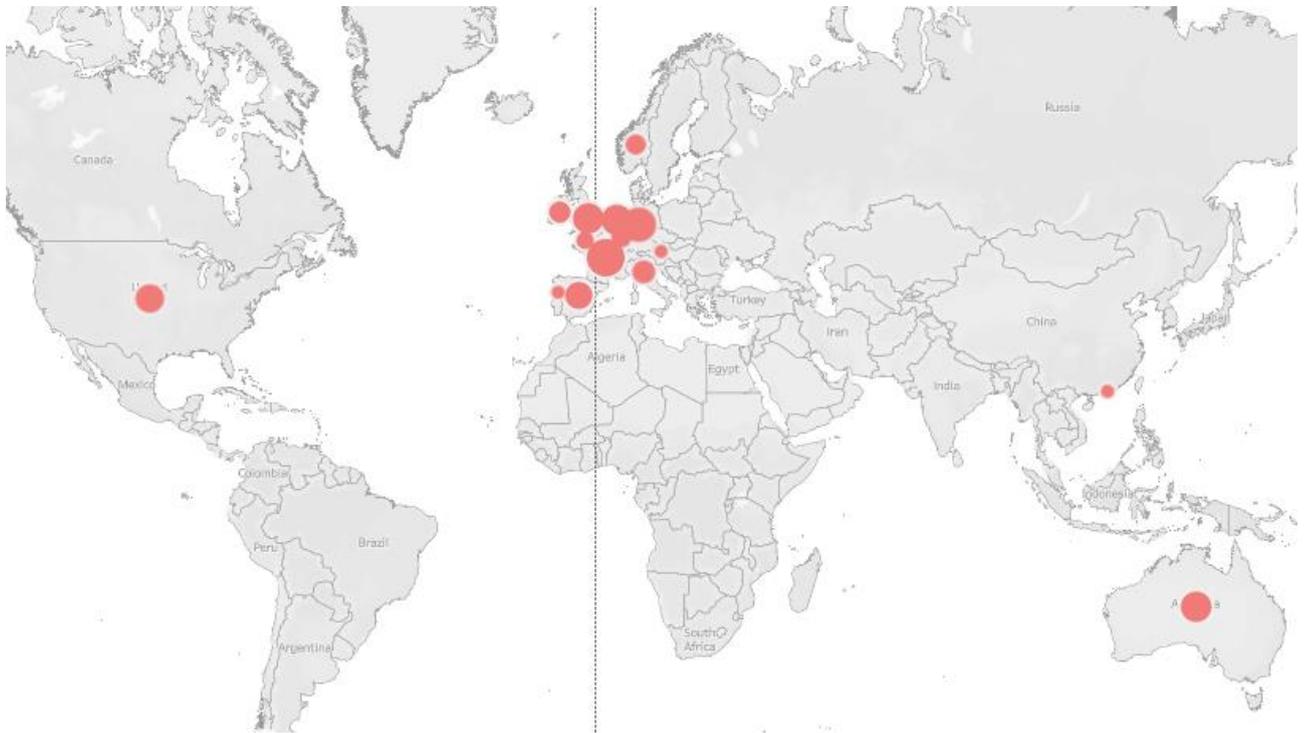
2.2 Overall proxy season (shareholders meetings)

From now on and below, the figures are focused on shareholders meetings only (excluding bond meetings)

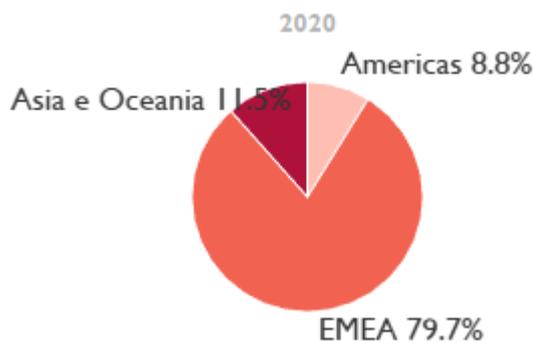




2.3 Meeting per country



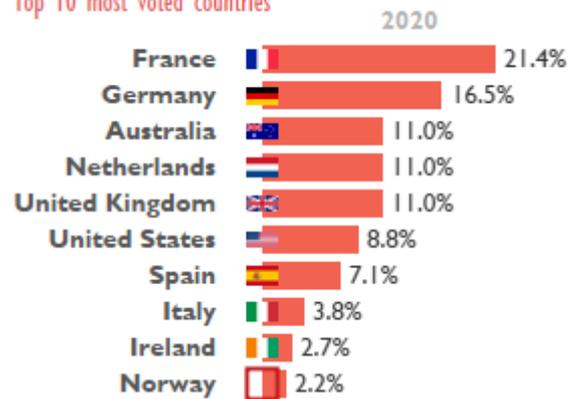
Meetings by geographical area



EMEA breakdown

10 countries with the highest number of meetings

Top 10 most voted countries



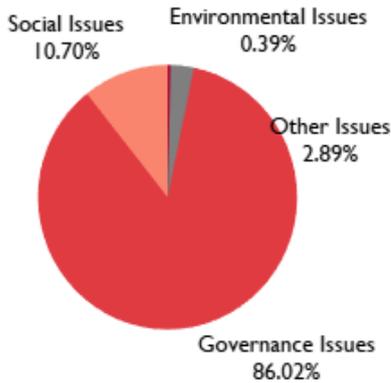
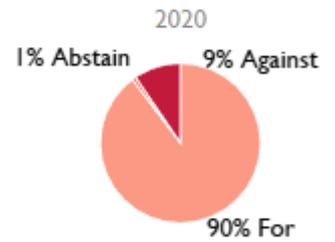


2.4 Voting at a glance

We voted **2804** proposed resolutions

Total number of votes exercised: 2020 **5321**

where



Proposal Type

Against votes

Proposal Type distribution

2020

Proposal Type	Percentage of proposals voted
Management proposal	
Board Related	39.3% proposals voted
Compensation	19.9% proposals voted
Audit/Financials	15.0% proposals voted
Capital Management	13.3% proposals voted
Changes to Company Statutes	7.6% proposals voted
Meeting Administration	2.4% proposals voted
Merger/Acquisition	0.6% proposals voted
Other	0.5% proposals voted
Shareholder proposal	
SHP: Board Related	0.4% proposals voted
Environment	0.3% proposals voted
SHP: Audit/Financials	0.2% proposals voted
SHP: Compensation	0.1% proposals voted
SHP: Changes to Company Statutes	0.1% proposals voted
SHP: Environment	0.1% proposals voted
SHP: Capital Management	0.1% proposals voted
SHP: Social	0.1% proposals voted
SHP: Other	0.0% proposals voted

Distribution of Against Votes:

Votes:

2020

Proposal Type	Percentage of all Against votes
Management proposal	
Board Related	52.0% of all Against
Compensation	34.5% of all Against
Capital Management	5.8% of all Against
Changes to Company Statutes	1.2% of all Against
Mergers & Acquisitions	0.6% of all Against
Audit/Financials	0.4% of all Against
Shareholder proposal	
SHP: Governance	3.6% of all Against
SHP: Compensation	1.4% of all Against
SHP: Environment	0.4% of all Against
SHP: Social	0.2% of all Against



2.5 Focus on ESG shareholder's resolutions

The integration of ESG topics into issuer's practice is something that is continuing to evolve representing a way for companies to interact with the wider society.

Boards need to be aware of human rights' issues or other social themes, and to have an appreciation of environmental impact of their activities and how to address them.

In this context we consider votes on shareholders' proposals as an effective way to suggest the need for a change in policies, disclosures or related ESG aspects of a company's business.

In this section are presented data related to key shareholders' proposals on ESG issues supported (13 in total).

E	Climate Change: Reducing Exposure to Fossil Fuel Assets	2	15%
G	Enhancing Shareholders' rights	2	15%
S	Gender and Ethnicity Pay Equity	1	8%
G	Independent Board Chair	3	23%
G	Proxy Access	1	8%
G	Capital management	2	15%
G	Board Composition	2	15%
		13	



2.6 Most Significant Votes

In this section, we highlight the Most Significant Votes performed in 2020.

Relevance criteria for “Most Significant Votes”

In selecting “Most Significant Votes”, GIAM considers relevant the opposition to management proposal related to core principles of GIAM’s Engagement Policy and international best practices. This highlights how GIAM’s approach is aimed at enhancing Corporate Governance best practices within its investee companies. These principles underlying the selection of the most significant votes, were among the most recurring and material for Shareholders’ agenda.

- **Time Commitment of directors**

An excessive number of external directorships could have a negative impact on the quality of the board decision process. To ensure that board members have and dedicate enough time, to perform their functions and responsibilities to protect shareholders’ interest and have sufficient availability to deal with unexpected circumstances (such as acquisitions, mergers, takeover or a crisis), we did not support the election of directors due to an excessive time commitment.

- **Length of long-term performance period for compensation**

To ensure that remuneration plan are able to reflect Company’s overall health, avoiding to remunerate executives for temporary spikes in performances and in order to align the executives’ remuneration with the shareholders long-term interest, we oppose to remuneration resolution not having a performance period of at least three years.

- **Anti-takeover mechanisms**

GIAM believes that a good performance and a developed dialogue with its shareholders are the best ways for a company to react against a takeover. Moreover, takeover bids may represent also a valid solution to create long-term value or to ensure an effective accountability of the management towards shareholders. As such GIAM opposed to the strengthening of anti-takeover mechanisms as they are, in principal, detrimental to shareholders interest.

Full list of “**Most Significant Votes**” is available in the **Annex II** attached to this document.

2.7 Voting activities in the ESG integration process



GIAM as an asset manager, 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 behaviour vis-à-vis investee issuers relating to the collective and individual portfolios it manages. GIAM believes the vote in Annual General Meetings (AGMs) to be an essential tool in the path to maximise the value creation over the long term.

Voting process is based on all public available information, providers' analyses (e.g. Proxy Advisors, Brokers) and GIAM assessment framework. The latter is built to fully integrate the internal stakeholders' feedback into the voting decision process and aimed to take full advantage of internal resources and intelligence in order to boost best stewardship practices in the investee companies.

After the AGM, issuer's profile is update with all the material information evaluated during the voting process, e.g. remuneration practice, board composition, internal controls, M&A, ESG issues, and shared with internal teams.



2.8 Voting advisory services

Voting recommendations are based on the relevant GIAM policies and guidelines, integrating the GIAM ESG principles, relying on a dedicated internal voting specialists' team in charge of analyzing and rating companies through a deep and extensive governance analysis.

GIAM Investment Stewardship structure is in charge of issuing voting recommendations, as well as of the performance of the instrumental activities to the exercise of the voting rights (e.g. electronic or physical voting at the meetings), in compliance with the criteria set out by the applicable voting policies and guidelines.

Proxy voting research is provided by Glass Lewis, which provides also the availability of the electronic proxy voting platform. In addition, we integrate the research with portfolio managers and engagement specialists' inputs that we use to supplement our analysis and assessment on the whole perimeter.



3.1 Engagement approach

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

Further information about the engagement approach can be found in the Engagement Policy, [available online](#)



3.2 Engagement process

GIAM Engagement Committee, which takes place on a quarterly basis, is the body in which are defined the priorities related to the engagement activities.

Engagement Case

Each Engagement Case presented to the GIAM Engagement Committee is composed of different elements: risk identified, questions, suggestions, task force creation, strategy, status & results.

Engagement Execution

GIAM Investment Stewardship is in charge for the engagement execution activities, including internal working group briefing, investee issuer interaction, assessment of the information provided by the investee issuer, issuance of recommendation, reporting.

During the execution, GIAM Investment Stewardship reports to the GIAM Engagement Committee the ongoing actions and informs it about the external elements that could impact the Engagement Cases.

Engagement Monitoring

GIAM Engagement Committee evaluates the status of each Engagement Case presented depending on the initial goals defined.

Further information about the Engagement process can be found in the Engagement Policy, [available online](#)

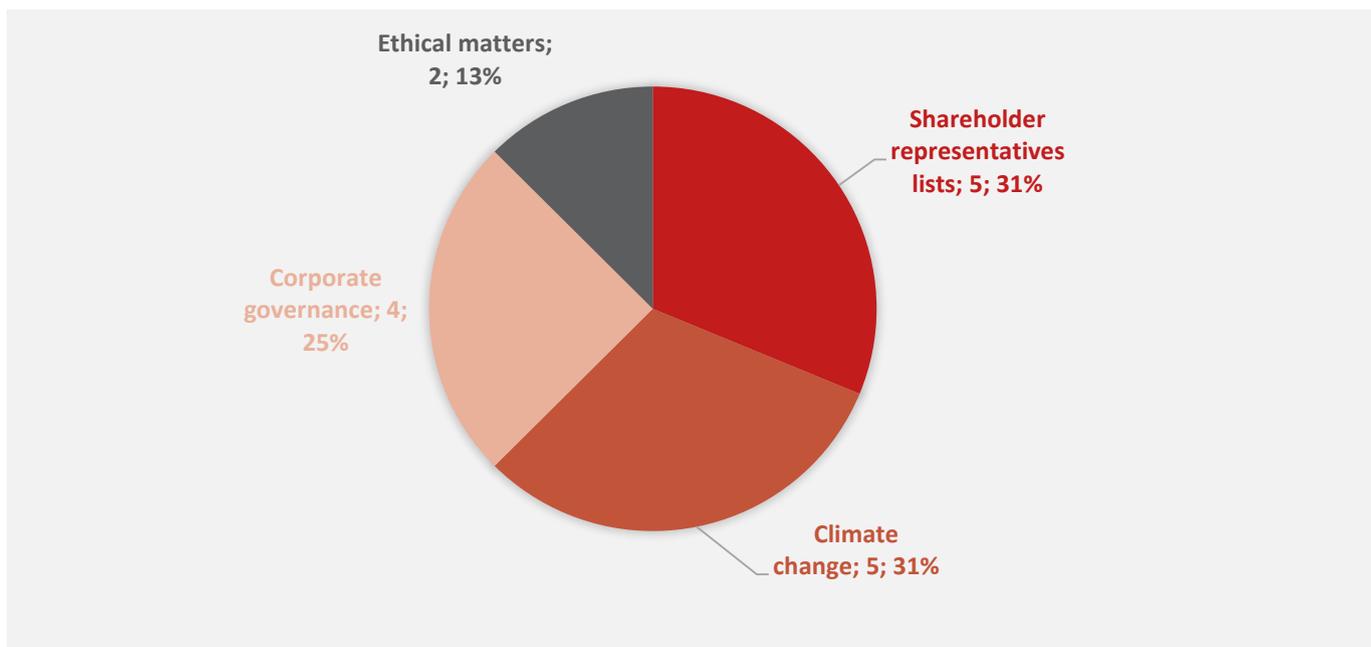


3.3 Engagement activities in 2020

GIAM has performed 16 engagements activities in 2020.

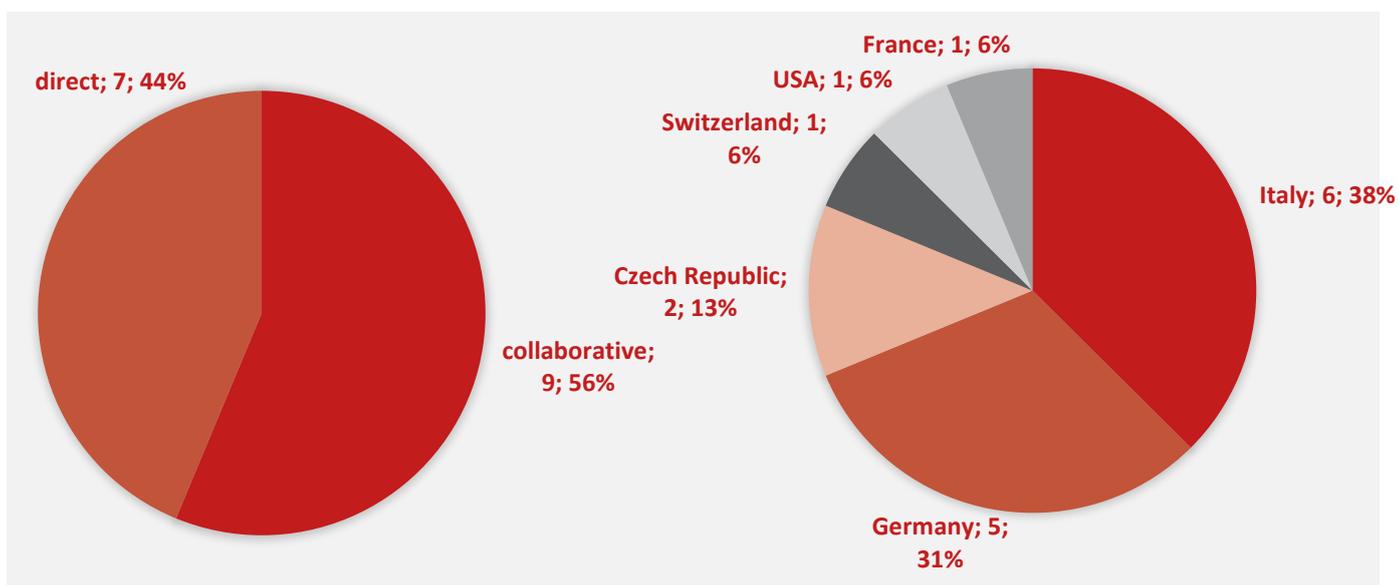
The following graphs show the trigger of our engagements, their type, and countries breakdown.

Trigger of engagement



Type of engagement

Countries





3.4 Direct engagements

Corporate Governance

During the 2020 proxy voting season, and in preparation of the 2021 proxy voting season, we had the opportunity to conduct engagements in which we raised ESG issues, particularly looking at the integration of ESG criteria in remuneration schemes, annual variable and long-term incentives plans. Globally, we have welcomed integration of such criteria in remuneration when happening, and we have pointed out the lack of disclosures of quantitative targets when the case.

Climate Change

In countries heavily dependent on coal, engagement activities have been undertaken to involve the counterparties associated with the coal sector, applying the principles of a *Just Transition* approach and monitoring the consistency of their plans towards an economy with a lower environmental impact.

Ethical matters

For companies in our portfolio which are severely breaching the UN Global Compact, we have started an engagement to monitor these breaches and influence the behavior of these companies. The engagement topics cover corruption and environmental damages.



3.5 Collaborative engagements

Shareholder's representative lists

We believe that collaborative action by asset owners/asset managers with mutual interests will enhance our engagement effort.

Italian corporate law framework foresees a specific mechanism to protect minority shareholders of listed companies, called “voto di lista”, ensuring the election within the corporate bodies of the listed company of at least one board member chosen among a list of candidates proposed by the minority shareholders. This mechanism allows minority shareholders to present a list of candidates in competition with the list of candidates presented by majority shareholders.

This mechanism has several benefits: protecting minority shareholder's interests, avoiding and protecting from the abuse of power from a board, increasing the transparency and the relationship with shareholders.

During 2020, we submitted - jointly with other asset managers/institutional investors - lists of candidates for the election of minority directors (lists of candidates for the Board of Directors and lists of candidates for the Board of Statutory Auditors) at general meetings of 5 listed Italian companies, resulting in the successful election of all foreseen candidates.

List of companies

Issuers	AGM Date
ENEL	14/05/2020
ENI	13/05/2020
INTESA	27/04/2020
MPS	18/05/2020
PIRELLI	18/06/2020

Climate Change

Furthermore, in 2020, we pursued our cooperation with the global collaborative engagement initiative Climate Action 100+ (coalition targeting the 100+ biggest greenhouse emitters), focusing on three main topics: governance of climate challenges at board level, plans to reduce GHG emissions and reporting according to TCFD framework.

Imprint

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Report issued

February 2021

Source for charts

Generali Insurance Asset Management S.p.A. Società di gestione del risparmio

and tables:

own calculations, 31st December 2020

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