



GENERALI
INVESTMENTS

Generali Investments Partners S.p.A.
Società di gestione del risparmio

ACTIVE OWNERSHIP REPORT

2020

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Introduction



Generali Investments Partners S.p.A. Società di gestione del risparmio (GIP) - 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 companies 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 Shareholders 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, while the voting season kicked off, GIP is launching several engagement initiatives. Climate change will represent a significant part of our engagement effort. In addition, we are committed to engage companies on social issues as the awareness of topic is quickly increasing among the market operators. Governance, corruption and other environmental issues including biodiversity (which is gaining traction as a consequence of the pandemic) will be also themes to touch.

Carlo Trabattoni

Chief Executive Officer
Generali Investments Partners



Download the document "Generali Investments Partners Engagement Policy"

[generali-investments.com](https://www.generali-investments.com) > About us > Generali Investments Partners

About this report



Generali Investments Partners S.p.A. Società di gestione del risparmio (“GIP”) outsources the Active Ownership activity to Generali Insurance Asset Management S.p.A. Società di gestione del risparmio (GIAM) which avails of its Investment Stewardship structure.

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 year 2020.

The report focuses on actions GIP 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:

1. Section one gives a brief presentation of our voting principles contained in the GIP Engagement Policy and includes our proxy voting data with a description of the reason behind the Most Significant Votes expressed in 2020.
2. Section two covers engagement, explaining how GIP is developing its engagement activities.



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. GIP Engagement Policy

GIP Engagement Policy - [available online](#) - governs GIP Active Ownership activities.

The objective of the GIP Engagement policy 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 GIP engagement process.

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

- 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 GIP under the governance of the GIP Engagement Policy on behalf of the (i) UCIs set up and managed by GIP (ii) UCIs managed by GIP for which there is a delegation agreement conferring the voting right to GIP on a discretionary basis as well as (iii) the individual portfolios managed by GIP for which the client conferred the voting right to GIP 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



719

Meetings
(bondholders & shareholders)



21 Countries covered



10,594

Resolutions voted
(bondholders & shareholders)



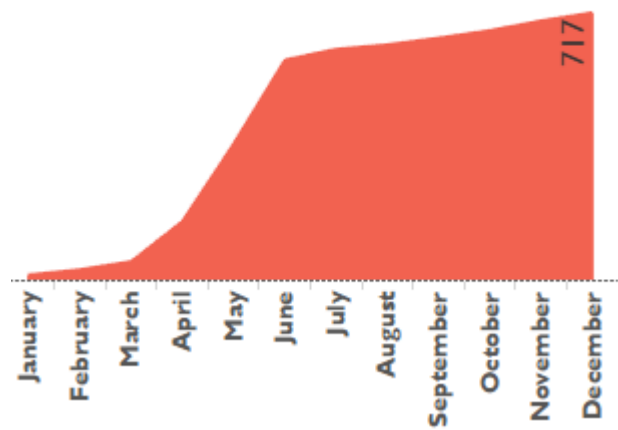
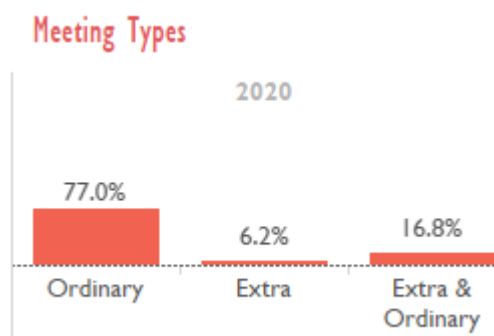
14% Negative opinions



2.2 Overall proxy season (shareholders meetings)

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

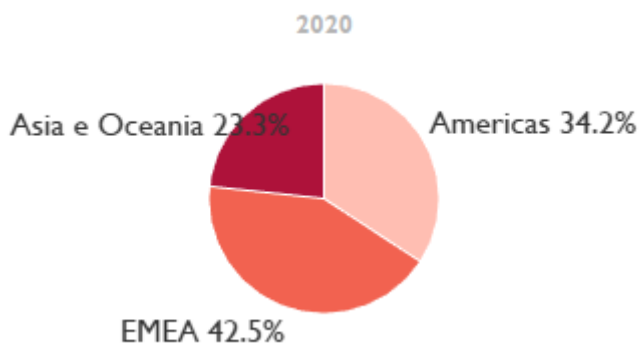
2020 We voted at **717** Meetings



2.3 Meeting per country



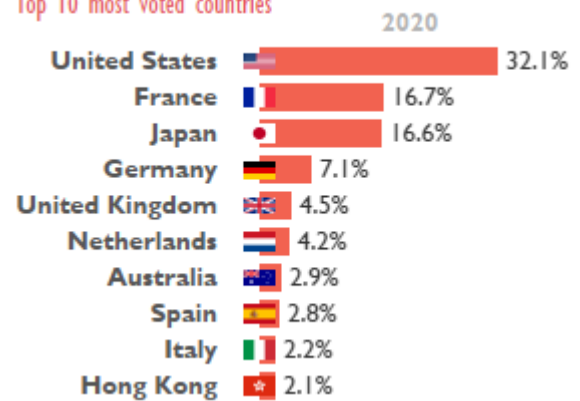
Meetings by geographical area



EMEA breakdown

10 countries with the highest number of meetings

Top 10 most voted countries

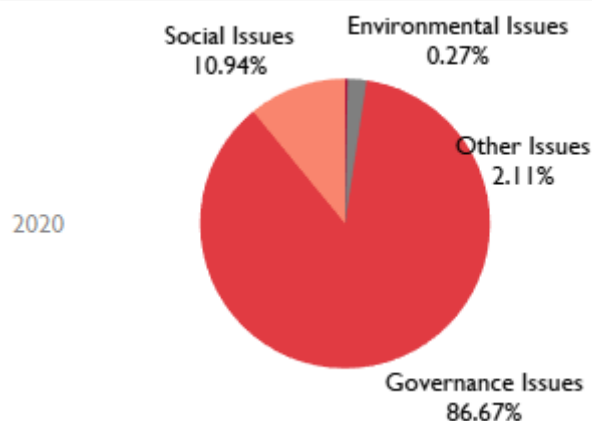
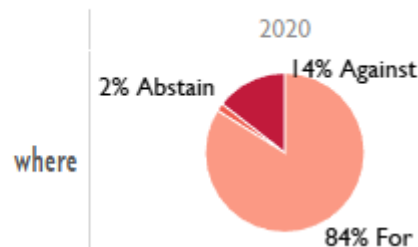




2.4 Voting at a glance

We voted **10.592** proposed resolutions

Total number of votes exercised: 2020 **12458**



Proposal Type

Against votes

Proposal Type distribution

	2020	
Management proposal	Board Related	51.7% proposals voted
	Compensation	15.4% proposals voted
	Audit/Financials	11.7% proposals voted
	Capital Management	10.4% proposals voted
	Changes to Company Statutes	4.9% proposals voted
	Meeting Administration	1.7% proposals voted
	Other	0.4% proposals voted
	Merger/Acquisition	0.4% proposals voted
	Shareholder proposal	SHP: Board Related
SHP: Social		0.8% proposals voted
SHP: Changes to Company Statutes		0.7% proposals voted
SHP: Compensation		0.4% proposals voted
Environment		0.2% proposals voted
SHP: Environment		0.1% proposals voted
SHP: Capital Management		0.1% proposals voted
SHP: Other		0.0% proposals voted
SHP: Audit/Financials		0.0% proposals voted

Distribution of Against Votes:

	2020		
Management proposal	Board Related	49.6% of all Against	
	Compensation	28.5% of all Against	
	Capital Management	15.0% of all Against	
	Changes to Company Statut..	1.7% of all Against	
	Audit/Financials	0.6% of all Against	
	Other	0.4% of all Against	
	Meeting Administration	0.1% of all Against	
	Mergers & Acquisitions	0.1% of all Against	
	Shareholder proposal	SHP: Governance	2.7% of all Against
		SHP: Compensation	1.1% of all Against
SHP: Social		0.2% of all Against	
SHP: Other		0.1% of all Against	

2.5 Focus on ESG shareholder's resolutions



The integration of ESG topics into investment processes is something that is continuing to evolve and is increasingly becoming mainstream, 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 (223 in total).

E	Climate Change	8	4%
E	Miscellaneous Environment Issue	2	1%
G	Board Composition	29	13%
G	Compensation Race and Gender equity	11	5%
G	Enhancing Shareholder's Rights	75	34%
G	ESG Compensation	6	3%
G	Independent board Chairman/Separation of Chair and CEO	31	14%
G	Miscellaneous Capital Management Issue	5	2%
G	Miscellaneous Compensation Issue	7	3%
G	Proxy Access	5	2%
S	Human rights and labour rights	22	10%
S	Miscellaneous Social Issue	22	10%
		223	100%



2.6 Most Significant Votes

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

Relevance criteria for “Most Significant Votes”

In selecting “Most Significant Votes”, GIP considers relevant the opposition to management proposal related to core principles of GIP’s Engagement Policy and international best practices. This highlights how GIP’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 opposed to remuneration resolution not having a performance period of at least three years.

- **Anti-takeover mechanisms**

GIP 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 GIP 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



GIP 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. GIP believes the vote in General Meetings (GMs) 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 GIP assessment framework. The latter is built to fully integrate all the internal stakeholders' feedback into the voting decision process. Prior to cast any vote, voting specialists receive inputs from Investments, ESG research and Engagement teams. This process is 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 GIP policies and guidelines, integrating the GIP ESG principles, relying on a dedicated voting specialists' team within GIAM'S Investment Stewardship structure in charge of analyzing and rating companies through a deep and extensive Governance analysis.

The above-mentioned dedicated team 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).

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 GIP 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 and the priority list can be found in the Engagement Policy, [available online](#)



3.2 Engagement process

GIP 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 GIP Engagement Committee is composed of different elements: risk identified, questions, suggestions, task force creation, strategy, status & results.

Engagement Execution

The execution of engagement activities, includes internal working group briefing, investee issuer interaction, assessment of the information provided by the investee issuer, issuance of recommendation and reporting.

The engagement activities are reported to the GIP Engagement Committee and it is informed about the external elements that could impact the Engagement Cases.

Engagement Monitoring

GIP 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 Collaborative engagements

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 20 listed Italian companies, resulting in the successful election of all foreseen candidates.

List of companies

Issuer	AGM Date	Issuer	AGM Date
A2A	13/05/2020	ENEL	14/05/2020
AEFFE	22/04/2020	ENI	13/05/2020
ANIMA HOLDING	31/03/2020	I.M.A	27/10/2020
ASTM*	12/02/2020	INTERPUMP	30/04/2020
ASTM*	25/05/2020	INTESA	27/04/2020
AUTOGRILL	21/05/2020	LEONARDO	20/05/2020
BANCO BPM	04/04/2020	MONCLER	11/06/2020
CAIRO COMMUNICATION	06/05/2020	POSTE ITALIANE	15/05/2020
CERVED	20/05/2020	RECORDATI	29/04/2020
ENAV	21/05/2020	SAIPEM	29/04/2020

* February 2020 Board of Directors / May 2020 Board of Statutory Auditors

Imprint

Chief Executive Officer

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and tables:

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