



GENERALI
ASSET MANAGEMENT

GIAM Active Ownership report

as of December 31, 2023

Your Partner for Progress.

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01

FOREWORD

1. Foreword

1.1 Important information

Kindly note that on 1st January 2024, Generali Investments Partners S.p.A. Società di gestione del risparmio ("GIP") has been merged by incorporation into Generali Insurance Asset Management S.p.A. Società di gestione del risparmio ("GIAM"). GIAM changed its name to Generali Asset Management S.p.A. Società di gestione del risparmio ("GenAM").

However, since this report is about 2023 active ownership activities, we will report those performed as GIAM in 2023.

The report aims to explain and illustrate the activities performed by Generali Insurance Asset Management SGR (GIAM) as of 31st December 2023, in its capacity as asset manager of individual portfolios and collective investment schemes (CIS). This information is required by the EU Shareholder's Rights Directive II and the relevant Italian implementing provisions (art.124. quinquies Legislative Decree 58/1998 as subsequently amended).

The voting behavior figures shared relate only to portfolio on which GIAM has discretionary power to vote.

1. Foreword

1.2 Introduction

Generali Insurance Asset management, through Active Ownership, promoted sustainability practices and good governance within investee companies, and this is achieved by engagement activities and participation at general meetings.

We believe that, cultivating a trusted relationship with the companies we invest in, by dialoguing with them and exercising voting rights is fundamental to influence issuer's business behaviors and accountability on ESG issue.

We deem also Active Ownership as a fundamental tool for long-term investment. It has to be used to find solutions and not to set unilateral targets, moving away from rigid exclusion policies towards improving "real world impact" by issuers, especially for laggards with a significant ESG momentum.

For the third year, the 2023 AGM season confirmed the attention on Say on Climate resolutions and on companies voluntarily proposing advisory votes on their climate action plans and disclosures. The focus has been mainly on Net zero/Paris alignment and fossil fuel financing.

As described inside the report, many engagement campaigns have been conducted on climate issues, also according to specific requests by clients.

On governance matters, as it is the case every year, resolutions relating to the remuneration of a company's executives received high levels of scrutiny among shareholders during the 2023 season.

In particular, during the last voting season, we focused our attention on shareholders resolutions such as Lobbying & Political contributions that has seen a significant increase in respect to the previous year.

In general, we observed that shareholders resolutions on social issues increased, where DEI programs and decent work remained the key areas of attention.

In the 2024 voting season we will continue to monitor the compensation market trends, analyzing the content of resolutions in the best interest of our clients. We expect that key issues as the board independence levels, gender diversity, and over boarding will remain at the center of the debate as well. Furthermore, as regard the environmental issues, we will look at Just Transition, Plastics and Biodiversity related themes.

We hope you find this report to be both useful and insightful.

Livio Gentilucci

*Head of Active Ownership
Generali Asset Management*



Download the document "Generali Asset Management Engagement policy"

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

1. Foreword

1.3 Engagement Policy

The 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 engagement and voting process.

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

- 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.

1. Foreword

1.4 Abbreviations and Acronyms

AGM	Annual General Meeting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social and Governance
AUM	Asset Under Management
M&A	Mergers and Aquisitions
SHP	Shareholder proposals
PRI	Principles for Responsible Investing
IIGCC	Institutional Investors Group on Climate Change
SBTi	Science Based Target initiative
CA100+	Climate Action 100+
ESMA	European Securities and Markets Authority
EFAMA	European Fund and Management Association



02

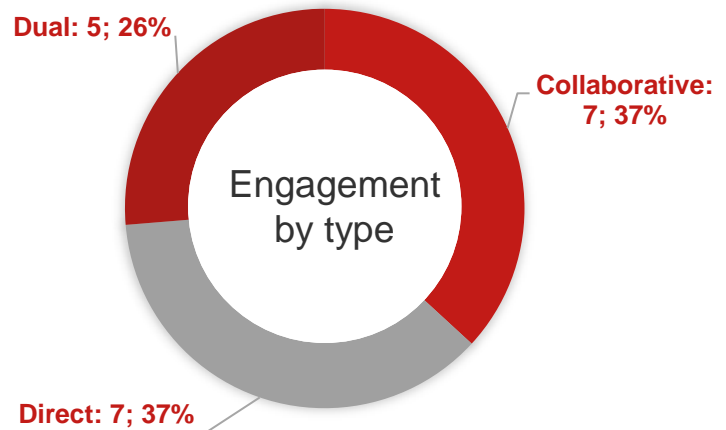
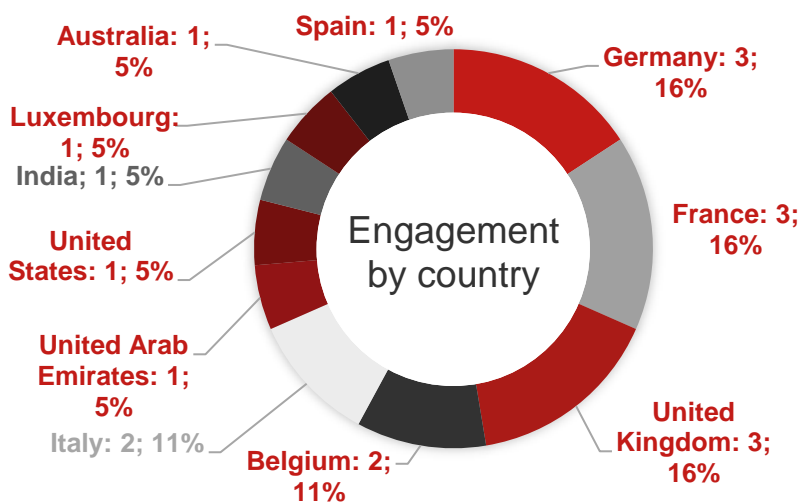
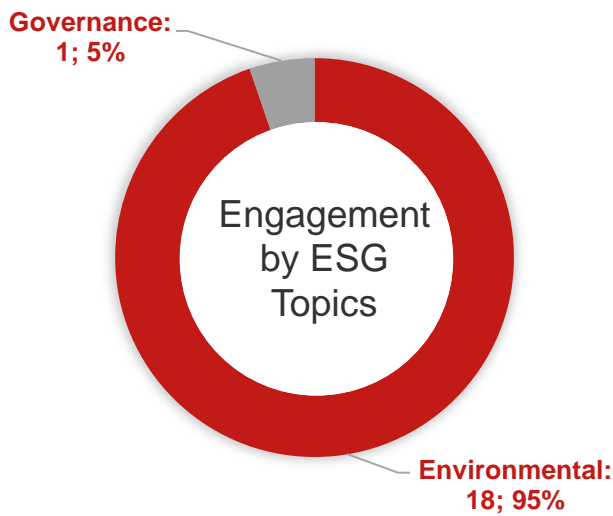
**2023 ACTIVE
OWNERSHIP
FIGURES**

2. Active Ownership figures in 2023

2.2 Engagement

19

Engagements



We define one engagement as a series of interactions with one issuer on one specific ESG topic. An engagement is recorded when it has been approved by an engagement committee. One issuer can be subject to several engagements (several distinguished topics).

2. Active Ownership figures in 2023

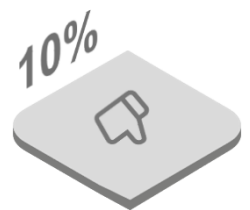
2.1 Voting



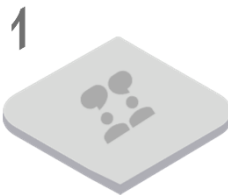
Shareholders
meetings



Countries
covered



Negative
opinions



Bondholders
meetings



Resolutions
voted

03

ENGAGEMENT

3. Engagement

3.1 Approach

In general, we consider engagement as a constructive dialogue with different goals: to reinforce the understanding of the investee companies, to share the concerns on ESG and finally make actionable suggestions aimed to resolve potential ESG issues.

The meetings with the company executives and directors are aimed to share a long-term orientation, with a constructive and results-oriented approach, and at understanding how companies have transformed their operating model to embed ESG principles across their organization.

Direct & Collaborative engagements

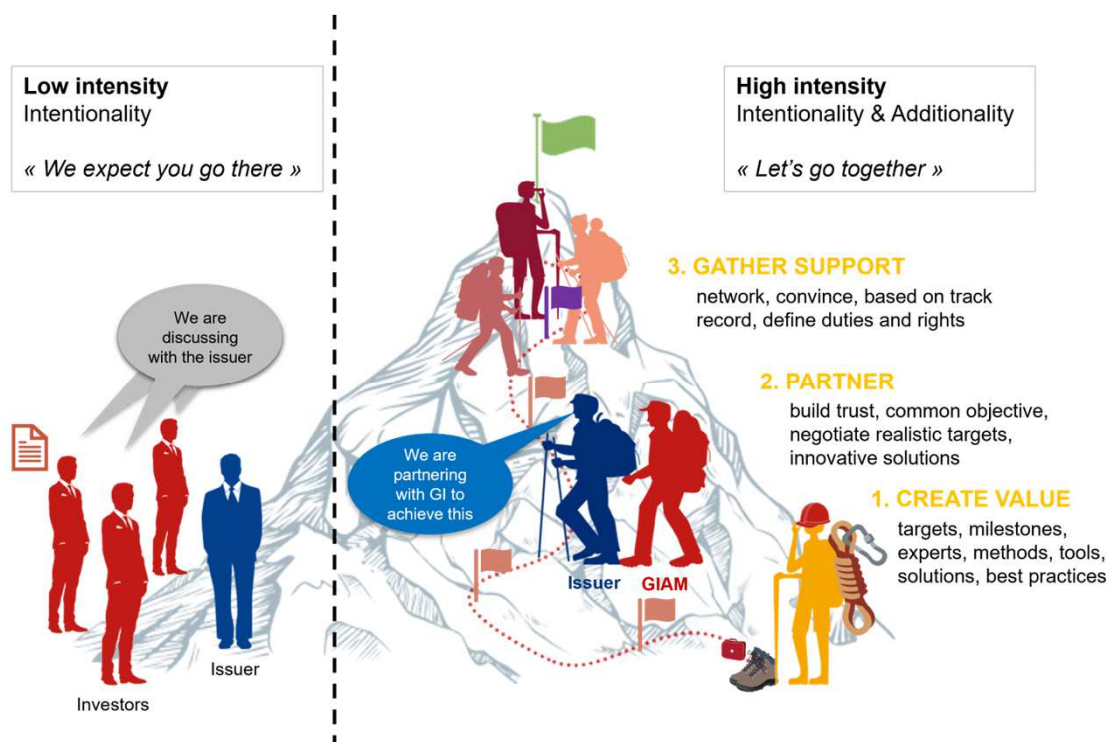
A **direct** engagement refers to an engagement performed directly with an issuer, with no other investors involved. When relevant, the cooperation with other investors who share the same concerns could take place in order to maximize the influence on the company engaged. This is what we call a **collaborative** engagement. A **dual** engagement is an engagement where we leverage on direct contacts with the issuer and collaborative engagement with the same issuer.

Intensity of engagement

Our engagements have different intensities. The goal of engagements with **lower** intensity is to raise awareness of an issuer on a specific topic and to demonstrate this intention (intentionality). The goal of engagements with **higher** intensity is to generate a change in issuer's behavior and demonstrate intentionality and the value-added of our engagement in that change (additionality).

The use of direct or collaborative engagement is independent of the intensity of the engagement.

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



3. Engagement

3.2 Overview of engagement process

GIAM's Active Ownership team activities are governed by the periodic meetings of the Engagement Committee, which is the body that defines engagement priorities. This page provides a description of the Engagement Committee. The next pages give an overview of related activities.

Engagement Committee

The periodic meetings of the Engagement Committee are usually attended by the Heads of Functions which are involved in the Engagement process: Active Ownership, Research, Investments, Risk management, ESG. This may ensure the link with the function involved including the investment process when relevant.

The role of each Engagement Committee is to approve the list of issuers to be engaged (engagement list), monitor engagement execution, decide on possible escalations and close the case when relevant.

Engagement Case

Each engagement case presented to the Engagement Committee is composed of different elements (not exhaustive): risk identified, questions, suggestions, task force creation, strategy, status & results.

Engagement Execution

GIAM's Active Ownership team 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's Active Ownership team reports to the Engagement Committee the ongoing actions and informs it about external elements that could impact the engagement cases.

All engagement information, documents and interactions are stored in a dedicated database.

Engagement Monitoring

The Engagement Committee evaluates the status of each engagement case presented depending on the initial goals defined. Escalations might be decided. Escalation can be either internal (improve preparation or quality of relationship with issuer), or external.



3. Engagement

3.3 Details of engagements

Overview

In GIAM, we have been engaging **19** issuers in 2023. These engagements are briefly described below.

3.3.1. Environmental – 18 engagements

Climate - Electricity producers: 3 engagements

We have been engaging 3 issuers on coal decommissioning plan and alignment with Climate Action 100+ (CA100+) indicators.

Climate - Oil & Gas companies: 5 engagements

Methane is a key component of Oil & Gas major emissions. These engagements started with a preparatory phase aiming at identifying realistic expectations on methane for these Oil & Gas majors.

Climate – Materials: 6 engagements

We have been engaging with 2 cement companies. We use the CA100+ framework to set our expectations in addition to the 1.5C trajectory of Science Based Target.

We are engaging 4 other companies belonging to steel and chemicals sector with the aim to improve disclosures in line with CA100+ and to reach the Science Based Target validation for the issuer.

Climate - Waste: 1 engagement

We are engaging with a large waste manager, in the middle of a major transformation. We agreed to support them in the definition of their climate plan sharing with them detailed investors expectations. We will evaluate their climate plan when being made public in their next Capital Market Day.

Climate - Financials - Carbon Footprint: 1 engagement

We have engaged a holding company for its Scope 3 emissions. Our main expectations was for them to align with the framework of the Science Based Target for Financial Institutions.

Environmental damages: 2 engagements

We have been working with a European company on the environmental impact of their products. The other engagement relates to damages caused by a mining company.

3.3.2. Governance – 1 engagement

Ethical behavior: 1 engagement

This engagement is with an agrochemical company aiming to improve the governance and ethical behavior related to the environmental impact of their products and their development.

04

VOTING

4. Voting

This section includes the overall aggregated data related to the voting activities performed by GIAM according to the GIAM Engagement Policy on behalf of the (i) Collective Investments Schemes (CIS) set up and managed by GIAM (ii) CISs 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. The last category is not applicable to GIAM.

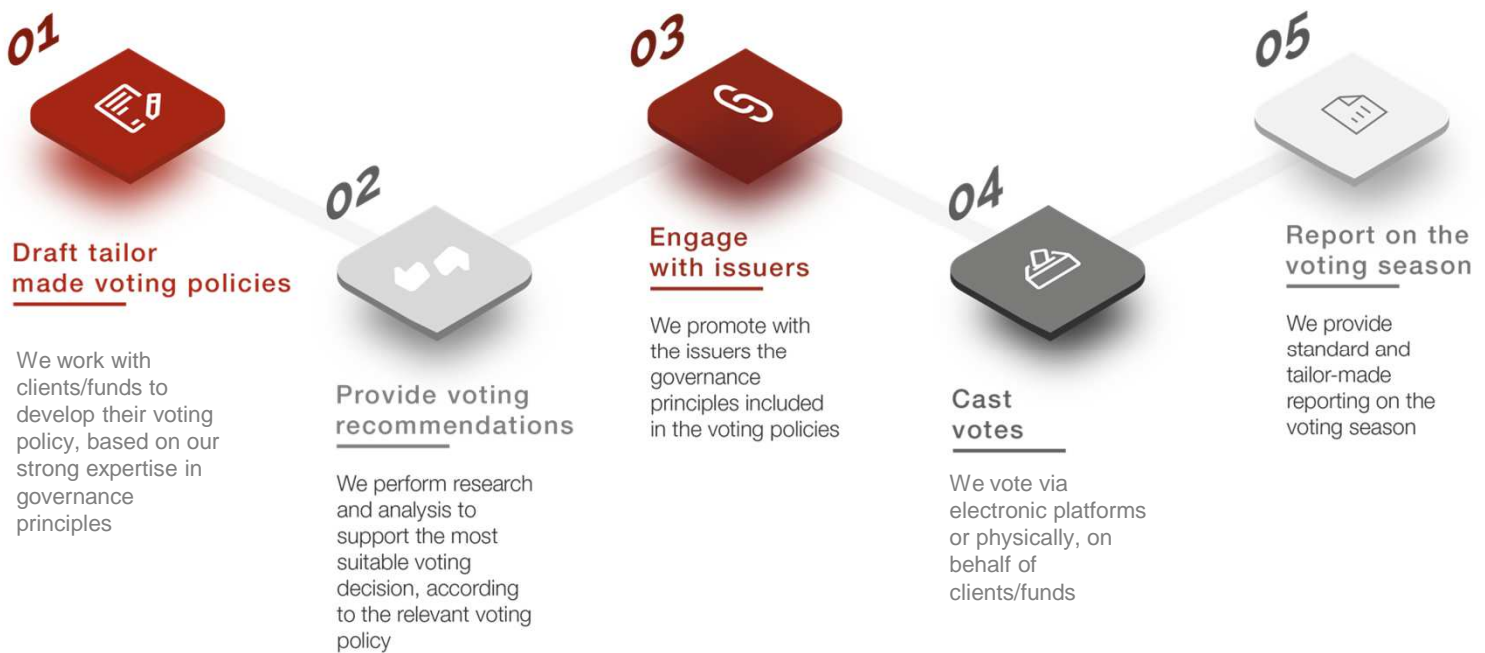
All the votes we performed are considered “Significant Votes”. **Full list** of “Significant Votes” is available in the **Annex I** attached to this document.

For the “Most Significant Votes”, please see paragraph 4.7 and **Annex II**



4. Voting

4.1 Overview of services provided



4. Voting

4.2 Voting behavior

The following description is not exhaustive, but it highlights the most prominent principles we followed during the 2023 voting season.

Financial statement and audit related resolutions

The main principle is transparency and is based on true and complete information. Companies should highlight the main risks to which they are exposed.

Our voting orientation is to vote **AGAINST** if there are concerns highlighted in our research process, for example in case of material breaches or when relevant reservations are expressed by the independent auditors.

Corporate governance

We believe that boards with high standards of corporate governance will be better able to make robust strategic decisions, to challenge and promote the effectiveness of management's operational oversight, and to oversee the approach to risk management. This process enhances investor returns over time. The main criteria are:

- **Segregation of duties:** We are in favor of the separation of the roles between chairman and CEO.

For example, our voting orientation is to vote **AGAINST** if the nominee has the role both of CEO and chair and there isn't a lead independent director, or if there is a lead independent director, but it cannot be considered independent.
- **Director independence:** We are in favor of the independence of the board. We do not consider independent directors that have been elected for more than 10 years.

For example, our voting orientation is to vote **AGAINST** the nominee if the level of minimum board independency is less than 50% for a public company, and 33% for a controlled or Japanese company.
- **Time commitment:** As a general principle, a director is deemed to have insufficient time when they fail to attend at least 75% of their scheduled board/committee meeting, without adequate justification or if they have a high number of external directorships that can limit the ability to fulfill their duty.

For example, our voting orientation is to vote **AGAINST** if a director holds an executive directorship outside the Group or if he holds more than 4 non-executive directorships outside the Group.
- **Diversity:** As a general principle, wider gender diversity is encouraged and the less represented gender should be at least 1/3 of the board, although there are exceptions such as in Asian markets.
- **Board committee independence:** Specialized committees such as audit committee, remuneration committee and nominee committee should be composed for the majority by independent directors.

For example, our voting orientation is to vote **AGAINST** if the rate of independency of such committees is less than 50%.

4. Voting

4.2 Voting behavior (continued)

Ratification / discharge votes of management board acts

As a general principle we are not in favor of discharging the board in jurisdictions where it is not a usual practice, and it could limit any possible legal action from shareholders.

For example, our voting orientation is to vote **AGAINST** if:

- it is a waiver of legal claims, for some markets in Europe
- it is not legal waiver only if there are severe concerns highlighted in our research process.

Remuneration policy

Companies should adopt a remuneration policy for board members and key executives consistent with market best practices.

Variable remunerations should be linked to long-term financial and ESG performance, as well as to trends in the company's intrinsic value. Quantitative criteria (growth, profitability, risk profile, etc.) and qualitative criteria (job creations, compliance, etc.) for awarding variable remuneration must be explicit.

For example, our voting orientation is to vote **AGAINST** if there are patterns of poor pay for performance (recursively assessed) or significant salary increases without an appropriate rationale or a lack of Long-Term Incentive plan.

Anti-takeover mechanisms

Our voting orientation is to vote **AGAINST** every time the authority to repurchase and reissue shares might be used as anti-takeover mechanism (not for controlled companies) since in principle this can be detrimental to shareholders' interests.

Shareholder proposals

As a general principle we consider shareholder proposals an effective instrument to demand a change in policies, increased transparency and improved disclosure on material aspects of a company's business.

In the evaluating process we consider the existing circumstances, the rationale provided by the relevant company or shareholders, the possible risks and opportunities, the governance framework of the investee issuer, the availability of sufficient information, and the alignment with long-term investor interests.

We would not support shareholder resolutions that are not in the best interest of the shareholders.

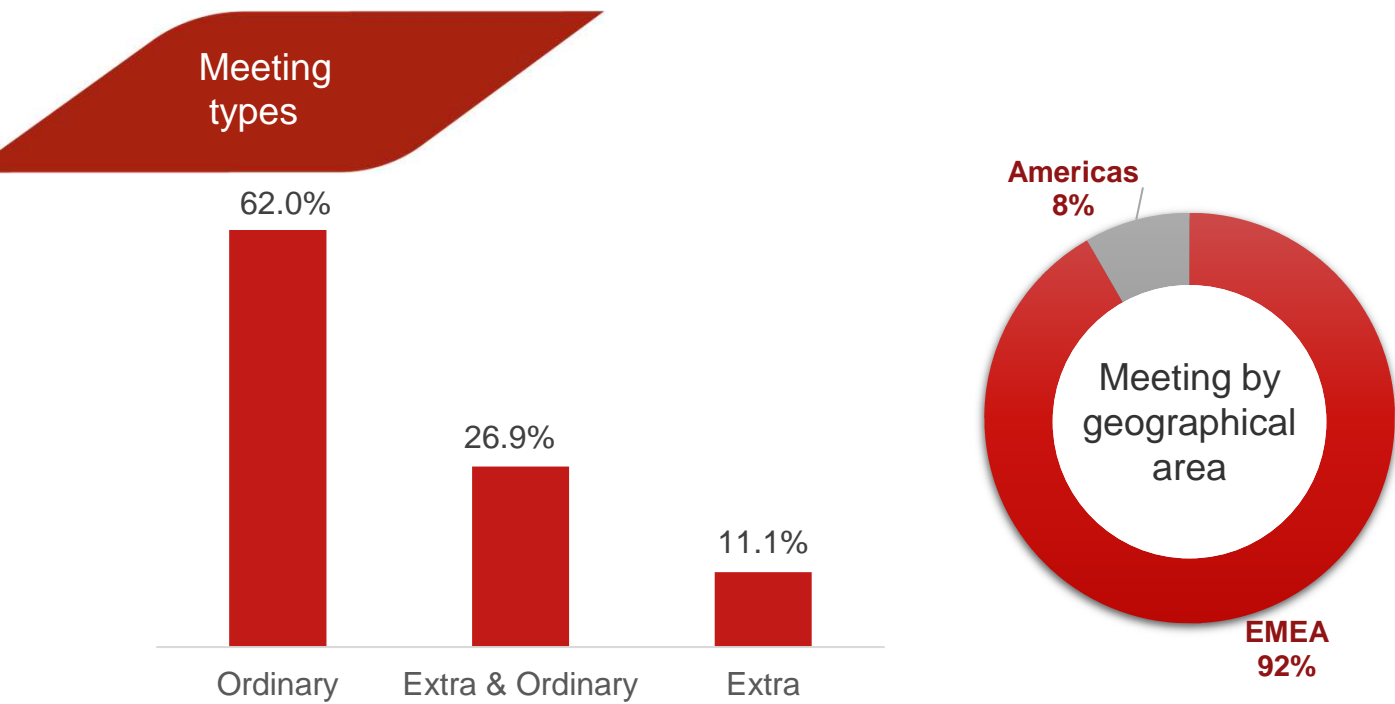
For example, our voting orientation is to vote **FOR** shareholder proposals linked to ESG issues, such as climate change, human rights, human capital management, governance proposal in favor of board independence, if in the best interest of shareholders.

4. Voting

4.3 Overview on the 2023 proxy season

This section focuses on shareholders meetings only. Bond meetings are excluded from the total meetings attended. The voting figures we describe relate to portfolios on which we have discretionary power to vote.

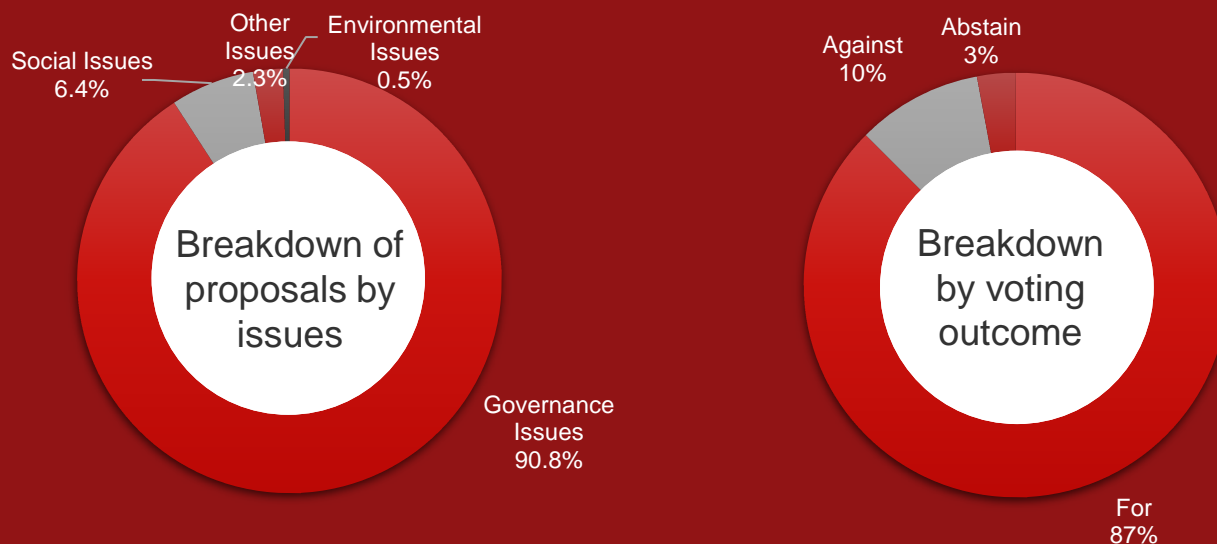
GIAM voted at **108** shareholders meetings in 2023.



4. Voting

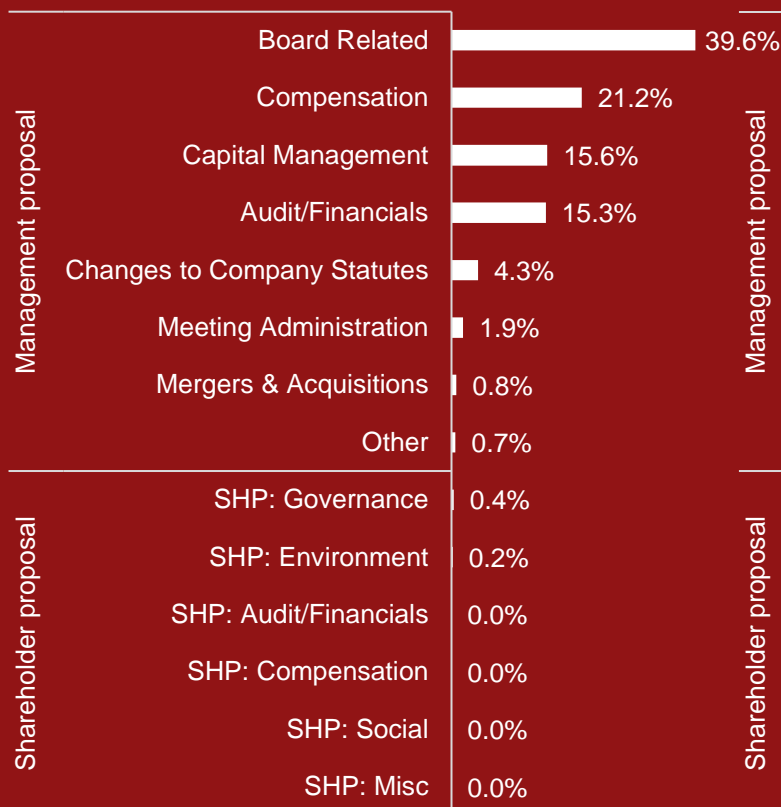
4.4 Details of voting behavior

In 2023, we voted **1,845** proposed shareholders' resolutions and we exercised **5,220** votes.

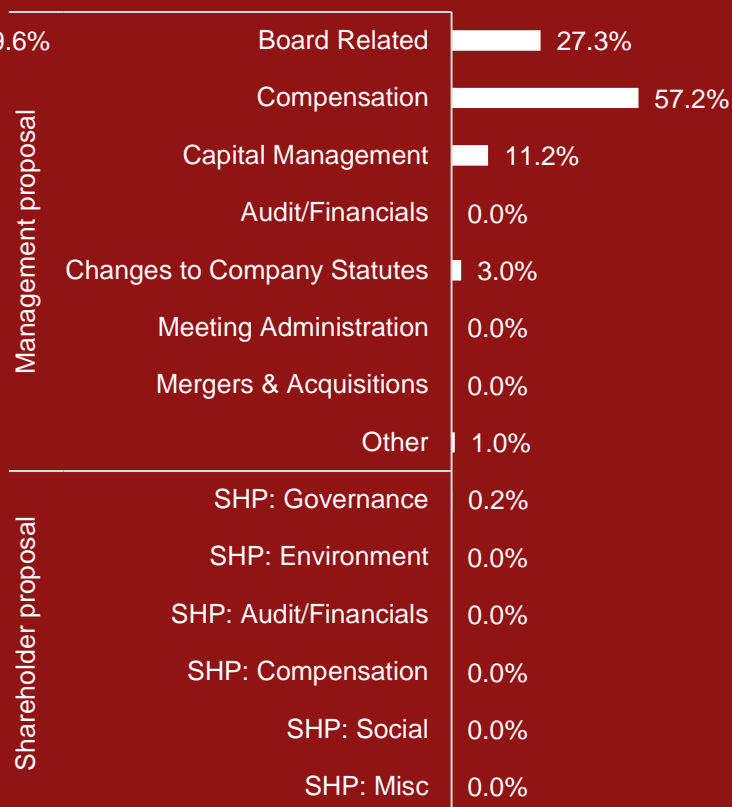


*Social issues include compensation proposals
 ** Other issues include meeting administration proposal

Proposal type distribution

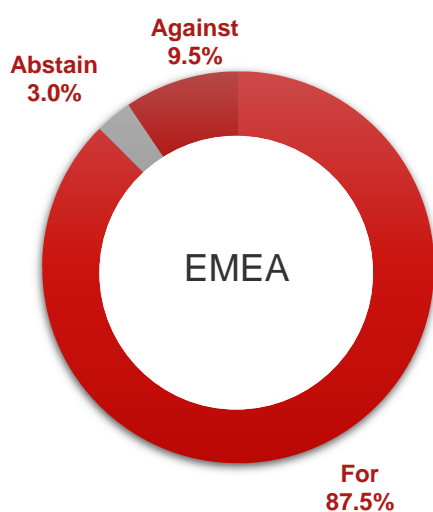


Distribution of against votes



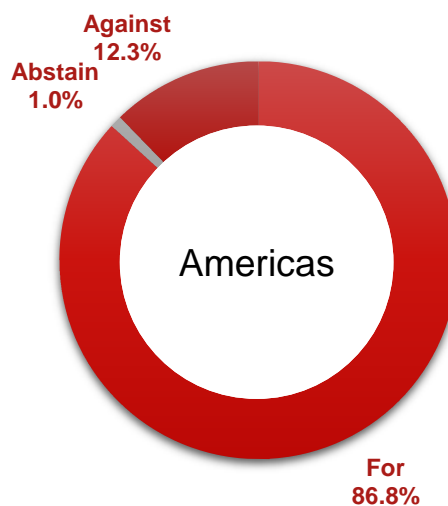
4. Voting

4.5 “Against” votes by region



Since a significant part of our votes are cast in EMEA (92%), this breakdown reflects all our votes (against rate = 9,5%). This breakdown on European markets should be taken as a reference to be compared with Americas below.

In the United States, we have a bigger proportion of “Against” votes mostly due to different remuneration market practices, directors' time commitments and levels of board's independence, which require sometime, according to our voting policy, a negative vote.



4. Voting

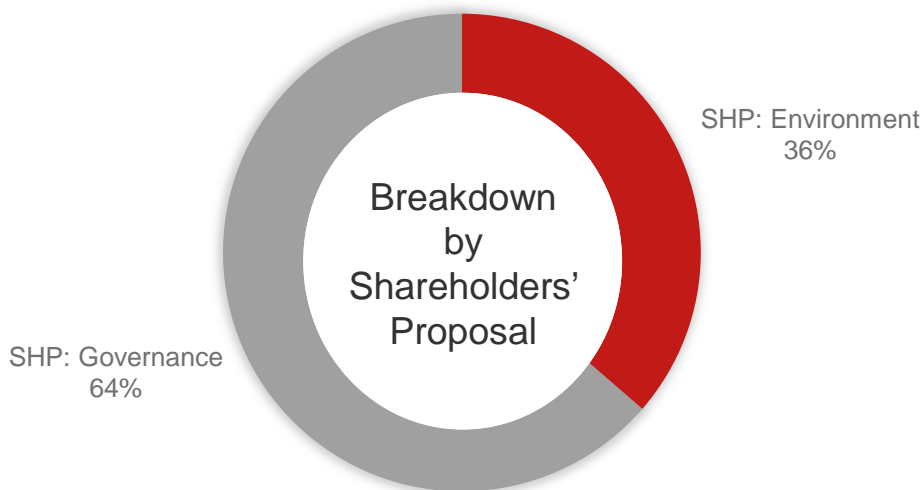
4.6 Focus on ESG shareholder's resolutions

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 (SHP) 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 (11 in total).



4. Voting

4.7 Most significant votes

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

Relevance criteria for “Most Significant Votes”

In selecting “Most Significant Votes”, GIAM considers relevant the opposition to management proposal related to core principles of the Engagement Policy and international best practices. Support for shareholder resolutions that have the potential to significantly impact the economy, society, and environment and are also seen as relevant by GIAM.

These principles underlying the selection of the most significant votes, were among the most recurring and material for Shareholders’ agenda.

- **ESG Controversies**

GIAM considers “Significant” all the meetings in which there are an ESG Controversy Alerts, which identify corporate controversies that dominated the news and that highlight potential reputational risks. In selecting the ESG Controversy we are using the cluster provided by Glass Lewis. We analyze the controversy case by case and we vote according with our voting policy and the merits of the single resolution.

- **Engagement**

We consider “Significant” all the meetings in which the issuer is engaged by GIAM; the aim is to contribute to risk mitigation and creation of value for our clients, promoting companies’ sustainability and good governance by making an impact at general meetings and through relationship with companies to achieve significative companies’ changes aimed to resolve potential ESG issues.

- **Environmental Resolutions**

GIAM believes that environment-related proposals at AGMs are ‘significant votes’, since Environmental issues may impact the value and reputation of entities in which we invest.

Generally, we support the climate transition plans, the sustainable use and protection of water and marine resources, prevention control, protection and restoration of biodiversity and ecosystems.

- **Election of the Board Resolutions**

GIAM considers relevant the opposition to management proposal related to core principles of the Engagement Policy and international best practices of good governance.

Boards with high corporate governance standards are better able to oversee risk management practices, challenge and support the efficacy of management’s operational oversight, and generate strategic decisions. In general, we do not support resolutions that do not meet the following requirements: segregation of functions, director and committee independence, time commitment.

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

4. Voting

4.8 Exercise of voting rights and voting advisory services

The exercise of voting rights is 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 Active Ownership team is in charge of exercising voting, as well as of the performance of the instrumental activities to the exercise of the voting rights in compliance with the criteria set out by the applicable voting policies, conflict of interest policies and procedures.

The proxy voting advisor is Glass Lewis, who provides research and advice related to the exercise of voting rights and the electronic proxy voting platform. In addition, we integrate the research with inputs from portfolio managers, ESG analysts, engagement specialists and an additional proxy voting advisor to complement the assessment.

4.9 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 behavior 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 maximize the value creation over the long term.

Voting process is based on publicly available information, Glass Lewis inputs 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.

IMPRINT

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