COMPANY'S INFORMATION

RELATED TO SUSTAINABILITY IN THE FINANCIAL SERVICES SECTOR

Generali Investments CEE, investiční společnost, a.s.
Na Pankráci 1720/123, 140 21 Prague 4
Company Reg. No.: 438 73 766

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INTRODUCTORY PROVISIONS

The information about Generali Investments CEE, investiční společnost, a.s. was prepared in accordance with the laws of the Czech Republic and EU legislation, including without limitation to the extent of Art. 3 and 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector) as of March 10, 2021. This information is available on request at the Company's registered office or on its website http://www.generali-investments.cz.

Generali Investments CEE, investiční společnost, a.s. reserves the right to amend or supplement the information at any time without prior notice.

Clients will be notified of significant changes in advance.

OVERVIEW OF USED TERMS AND ABBREVIATIONS

Term	Definition
BOD	Board of Directors of GIC
CEO	Director general of GIC
ESG FACTORS	Environmental factors, social factors and governance factors
GIC	Generali Investments CEE, investiční společnost, a.s.
CLIENT(S)	An owner/Owners of the assets who entrusted their management to GIC. To the extent of this document the Client means the owner of an individual portfolio that is a member of the Generali Group, the owner of an individual portfolio that is not a member of the Generali Group, a portfolio of standard and special collective investment funds and qualified investor funds created and managed by GIC.
KPI	Key performance indicators
SUSTAINABILITY RISK	An environmental, social, or corporate governance event or condition that, if it occurs, could materially adversely affect the value of the investment.
RTS	Regulatory technical standards
SBT	Scientific knowledge-based targets setting a clearly defined path for reducing greenhouse gas emissions, eliminating the worst impacts of climate change and further economic growth resistant to future influences

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ROLES AND RESPONSIBILITIES

Body / Department / Position	Role and Responsibility
BOARD OF DIRECTORS/BOD	The Board of Directors of GIC is responsible for approving and reviewing the sustainability risk management strategy. The Board of Directors approves the strategy on the proposal of the CEO of GIC.
DIRECTOR GENERAL/CEO	The CEO submits the sustainability risk management strategy to the Board of Directors of GIC for approval.
ESG/ENGAGEMENT COMMITTEE	The Sustainability Committee, the exercise of voting rights and other engagement (ESG/Engagement Committee) is responsible for defining the methodology for assessing and evaluating sustainability risks, as well as for managing the ESG classification and other data sets and parameters provided by the Generali Group. In addition, the ESG/Engagement Committee approves the methodology and risk exposure values in relation to the ESG criteria established by the Generali Group. The ESG/Engagement Committee is also responsible for carrying out activities of active exercise of voting rights (voting at general meetings of issuers and other engagement).
INVESTMENT COMMITTEE	The Investment Committee (IC) assesses, among other things, the financial market situation and is responsible for ensuring compliance with the strategic asset allocation or defined investment policy and the performance of asset management by setting rules for tactical asset allocation and monitoring their compliance.
PORTFOLIO MANAGEMENT	Portfolio Management cooperates with the ESG/Engagement Committee to ensure that quantitative and qualitative information regarding views on the ESG issues, research on relevant ESG topics and climate is taken into account in the investment decision-making process.
RISK MANAGEMENT	Risk Management is based on the ESG criteria defined by the ESG/Engagement Committee and available reports, it regularly monitors exposure to issuers included in the ESG lists and verifies compliance with the ESG investment limits in order to monitor sustainability risks in investment decisions.

MISSION

GIC is convinced that the proactive integration of environmental, social and governance factors ("ESG", see table below) into the investment process in managing individual portfolios and investment funds across all asset classes will help the company achieve financial returns as well as social values. In addition, GIC seeks to influence the behaviour of issuers through voting at issuers' general meetings and other engagement.

When providing the Discretionary Asset Management investment services (“DAM”) for individual third party portfolios, GIC is bound by its Clients' instructions regarding compliance with the ESG criteria, while when providing DAM services for individual Generali Group portfolios, GIC is always bound by the internal ESG rules and Generali Group guidelines.

The European institutions have created a legal framework to strengthen sustainability considerations in financial management in order to achieve long-term sustainable development. This framework requires financial market participants and financial advisers to put an appropriate governance structure in place and to provide accurate information on sustainability risks.

To this end, on 27 November 2019, the European Parliament and the Council adopted Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, or "the SFDR" which entered into force on 29 December 2019.

This Regulation aims to provide comparable information to end investors on risks to sustainability and to promote the ESG factors in the provision of investment services. The SFDR was further complemented by Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy") which defines criteria for determining whether an activity can be considered environmentally sustainable.

In order to meet the requirements set out in the SFDR and Taxonomy Regulations and considering its size, nature and scope of activities or types of financial products it provides, GIC issues this document including a strategy for integrating sustainability risks into the investment decision process (as set out in Article 3 of the SFDR), contained in Chapter 1, and the statement on adverse sustainability impacts (as set out in Article 4 of the SFDR) in Chapter 2.

Factor category	Factor examples
E- ENVIRONMENTAL	Aspects related to the quality and functioning of the environment and natural systems, including the greenhouse effect and climate change; availability of natural resources, including energy and water; land use change and urbanization; air, water and soil quality; waste production and waste management; protection of natural habitats and biodiversity.
S- SOCIAL	Aspects related to the rights, well-being and legitimate interests of national and local communities, including human rights, respect for diversity and the promotion of equal opportunities; demographic changes; employment and the right to decent working conditions, including the prohibition of child and forced labour, occupational health and safety; the distribution of wealth and inequality within and between countries; migration; education and human capital development; digital transformation, artificial intelligence, the Internet of things and robotics; health and access to social assistance and health care; consumer protection; waste of energy and crisis of traditional elites.
G- GOVERNANCE, CORPORATE GOVERNANCE	Aspects related to the governance and management of companies and organizations, including transparency; ethics and integrity in business practice and compliance with laws; corruption; tax liability; management structure, independence and diversity; incentive mechanism for corporate governance; stakeholders and their rights, protection/distortion of competition.

1. STRATEGIES FOR INTEGRATING SUSTAINABILITY RISKS INTO THE INVESTMENT DECISION-MAKING PROCESS

This strategy required by Art. 3 of the SFDR, hereinafter "the Strategy", aims to integrate risks to sustainable development into the investment decision-making process by identifying, measuring and mitigating risks as reflected by the ESG factors.

For asset managers with a long-term horizon, the material impact that the ESG factors have on the long-term returns of asset classes is of the utmost importance. It is therefore essential to consider how the integration of the ESG factors affects long-term investment returns and to use the benefits of risk anticipation through asset class analysis, taking into account the ESG factors in trend analyses and valuation where relevant. The ESG risks can have a significant impact on these macroeconomic risk factors and thus on the risks and returns of individual portfolios or funds.

The level of implementation of this Strategy may vary for different types of products and Clients.

1.1 Sustainability Risk Assessment

Sustainability Risk Identification

The objective of the sustainability risk identification process is to ensure that all significant risks which GIC is exposed to are properly identified, assessed and considered on the basis of their likelihood and severity, and that mitigation measures are identified and properly implemented.

The GIC's ESG risk assessment activities are based on cooperation with the Generali Group and on available data provided by external suppliers (best effort approach) which includes the identification of the ESG risks at the sector and issuer level:

- Sector: The purpose of the ESG risk identification within a sector is to identify risks that could potentially cause sector-specific negative changes, such as technologies with adverse environmental impacts, sector-specific constraints and climate risk impacts, both physical and transient. In particular, the ESG sector analysis seeks to isolate issues that could potentially change long-term sector-specific competitive forces, and in this respect, given that not all sectors face the same ESG challenges, the first step in a sector analysis is to establish a matrix of priorities which identifies sector-specific criteria across the environmental, social and corporate governance dimensions.
- Issuer: The assessment of the ESG at the issuer level begins with the identification of significant risks affecting the company, taking into account the sector to which the company belongs and the company-specific risks. The ESG issuer risk identification is designed to detect sustainability risks and opportunities that may affect the development of the issuer's performance. Although successful ESG strategies can add value to a company, companies carrying out the ESG risk management can avoid costs by managing risks and increasing resilience to industry and macroeconomic adverse trends. The issuer's ESG analysis performed by the Generali Group allows the ESG risks to be measured and also to capture whether the issuer's ESG practices improve or deteriorate over time.

Measurement of Sustainability and Priority Risks

Sustainability risks, such as the ESG factors that may have a negative impact on the value of investments, are identified in a two-tier framework and measured in both quantitative and qualitative ways to provide the most up-to-date and reliable figures and information possible for the investment decision-making process.

Sustainability risk can be measured in both absolute and relative terms (comparative/neutral allocation). Data building uses in-house research by the Generali Group's ESG experts in conjunction with sustainability reports, ESG scores and data from external providers. Third-party data from external ESG providers are reviewed and compared with external and internal surveys. GIC may perform a qualitative assessment in cases where the available data are insufficient to properly measure and manage significant sustainability risks.

GIC may also use ESG risk measurements based on inputs from the other two key activities carried out by the Generali Group, i.e. cooperation with issuers and voting at general meetings. Where significant ESG risks are associated with a particular issuer, the aim of the cooperation is to gain an in-depth understanding of the company's position, process and behaviour, to identify specific improvements that could be implemented, and to support the company in promoting the transition to enhanced fulfilment of the ESG criteria. Activities related to the exercise of voting rights can also be a source for identifying and measuring risks.

The ESG assessment focuses on the significant risks in each sector or business.

The ESG risk assessment is based on best efforts and is designed to identify, measure and monitor sustainability risks for each issuer based on available data from the Generali Group or external providers and on data available from issuers. This process is a combination of several elements, starting with a matrix of priorities which aims to identify the ESG factors that are relevant to each industry sector and then to determine ESG scores including other ESG factors, such as the above voting and cooperation results.

Based on the data obtained, GIC aims to identify and quantify those factors and observations that can strengthen and better shape investment recommendations based on their financial significance.

Sustainability risks may include increased costs of income, research and development, capital expenditures (Capex), extraordinary expenses, contingent liabilities and reserves, pension and other liabilities, capital costs for issuers. Issuers can also capture opportunities by entering new markets (for example through green products) or by adapting their existing products to demand developments. These elements can also lead to positive and negative price dynamics and direct impacts on tangible and intangible assets.

1.2 Risk Sustainability Strategy

Based on the data available from the Generali Group and other data providers, GIC can implement a wide range of ESG screening strategies based on agreements with the Clients and their preferences and fund rules/prospectus, such as application of:

- Negative/Exclusion screening aimed at restricting investment in a state, companies or sectors based on specific ESG criteria;
- Screening based on the identification of issuers that do not meet the minimum international standards of industrial or governmental practice;
- Positive or Best-in-class screening: investments in sectors, government, companies or projects selected for positive ESG performance compared to industrial partners.

Negative/Exclusion Screening

The Generali Group uses the Negative/Exclusion Screening for the purpose of excluding certain issuers from investments based on their involvement in specific business activities.

GIC is also entitled to use limits for investments in companies with the Negative/Exclusion Screening, and may apply this procedure for different categories of the Clients and products and for different categories of the ESG risks.

ESG data providers make it possible to identify issuers that do not meet the screening criteria. The list of issuers that do not meet the ESG requirements set out in the investment strategy or the fund's statute or prospectus is used to define restrictions on specific investments in portfolios and funds.

Issuer Identification Screening

The issuer identification screening applied by GIC on the basis of data collected from external providers corresponds to the identification of issuers involved in, for example:

- Violation of the Treaty on the Non-Proliferation of Nuclear Weapons;
- Violation of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction;
- Violation of the Ottawa Treaty;
- Violation of the Convention on Cluster Munitions (CCM);
- Violation of the UN Global Compact;
- Violation of human rights principles;
- Serious damage to the environment;
- Cases of gross corruption.

GIC detects these facts on the basis of available data in order to assess the eligibility of issuers in whose securities it invests, on a case-by-case basis.

GIC builds on a risk assessment prepared by Generali Group’s specialists taking into account the severity of the relevant ESG risks at the level of individual issuers.

Risks are taken into account when making investment decisions depending on the type of the Client and its tolerance to risk.

The main tool for risk management is to set maximum limits for risk exposure, namely:

- List of issuers with very high risk exposure in terms of ESG and
- List of issuers with high risk exposure in terms of ESG.

Positive Screening

In order to mitigate sustainability risks, GIC may define the investment space in such a way that investments in securities of issuers in this category must meet the requirements in terms of meeting the ESG criteria that meet the set limits.

A key aspect of positive screening methodologies is the ESG scores assigned by ESG analysts to the investment space which include the identified sustainability risks. If the assigned score does not exceed a specified threshold, issuers may be accepted in the investment space. It is possible to proceed differently from the ESG analyst's assessment if significant ESG problems can be solved through cooperation with the issuer itself.

Inclusion of Reputational Risk

ESG controversy can be costly and even highly regarded issuers are subject to reputational risk. As another tool to facilitate ESG integration and help inform about short-term investment performance, although there are no restrictions on the Clients' investment strategies in terms of the ESG criteria, based on the data collected from external data providers, GIC monitors issuers' reputational risk and assesses the possibility of excluding them from investment data space based on ethical considerations or the identification of additional ESG risks. The evaluation of controversies is a key part of the ESG integration framework in the Generali Group. This is because companies often face litigation, class actions, regulatory fines and fines resulting from controversy that may affect current financial valuations and/or future performance, but which are not reflected in real-time ESG assessments. To immediately capture positive/negative signals, the Generali Group uses an internal database that is regularly updated.

Integration of Climatic Factors

Among the ESG topics, climate-related concerns have become most important due to the growing regulatory and societal pressures and their growing impact on issuers in terms of changing their operation and physical risks. As such, climate-related topics are incorporated into the ESG own research of the Generali Group and are also a separate topic.

The number of climate regulations is growing exponentially and GIC is carefully considering a proactive approach to building multilateral climate strategies.

As part of the Generali Group, GIC is also active, including without limitation in supporting the Clients in fulfilling their decarbonisation strategies.

In analysing and optimizing the impact of climate on bonds and equities in managed individual portfolios and funds, GIC relies on the Generali Group's methodology based on fundamental and quantitative metrics. Within the analysis, it is possible to take into account a wide range of dynamic indicators, such as:

- Backward and forward-looking emission criteria (actual and expected emissions: decarbonisation methods);
- Compensation of temperature scenarios;
- Climate historical data;
- Independent climate comparison;
- Current climatic position of companies;
- Current climatic position of countries.

Based on analyses, climate strategies can be implemented to ensure that the Client's investment position reflects the company's perspective and also focuses on transitional and physical risks.

1.3 Process Management

Management of the ESG Risk Assessment and Integration Process

The Board of Directors of GIC is responsible for approving and reviewing the sustainability risk integration strategy. The Board of Directors of GIC approves the strategy on the proposal of the CEO of GIC who is also responsible for its implementation.

In cooperation with GIC, the Clients define sustainability objectives, KPIs and guidelines to be achieved and implemented, such as decarbonisation, or sectors to be excluded from portfolios.

Based on data from third parties and the Generali Group, the ESG/Engagement Committee is responsible for defining the methodology for assessing sustainability risks and managing ESG scores and metrics and parameters to take into account climate impacts. In addition, the ESG/Engagement Committee supports other stakeholders in the investment process it cooperates with and provides with opinions, views and surveys on relevant ESG topics, including climate, in order to support the investment decision-making process with up-to-date quantitative and qualitative information.

The ESG/Engagement Committee plays a supporting role in the decision-making process of the Investment Committee.

Reporting on ESG Risk Assessment and Integration Process Reports

GIC publishes an updated version of this Strategy on its website each year; if the updated version is not published, no changes are deemed to have been made.

Internally, the Board of Directors of GIC is informed annually about the implementation of this Strategy in order to assess and review the underlying methodology and results.

Internal participants in the investment process are the recipients of relevant information related to the assessment and integration of the ESG risks in order to fulfil their supervisory roles in the investment process. In addition, other stakeholders receive up-to-date information and participate in the process described above as needed.

The Clients with individual portfolios will receive ad hoc regular reports on the implementation of the process and the achievement of the objectives described in this policy on the basis of individual arrangements between them and GIC.

2. STATEMENT ON ADVERSE IMPACTS ON SUSTAINABILITY

As for the main adverse impacts of investment decisions on sustainability factors, the statement of due diligence, hereinafter "the Main Adverse Impacts Statement" or "the Statement", aims to describe the identification, prioritization and action taken in relation to the sustainability factors by emerging activities and investment decisions made or planned by GIC; taking due account of the size of GIC and the nature and extent of the activities of GIC and the types of financial products it provides.

GIC considers this document to be a real breakthrough in making aware of the best internal practices for sustainability, and the standards developed for reliable methodologies and data and information on them will be provided in the future.

As one of the leading Central and Eastern European asset and fund managers, GIC supports progress on global environmental and social issues. We believe that the real impact that GIC can have on sustainability factors is of great importance; from implementing investment decisions to accelerate the transition to a low-carbon or zero-emission economy to reducing the likelihood of events such as sudden social upheavals. On the other hand, GIC believes that the negative externalities that companies create over time are negatively reflected in their accounting documents, while gradually negatively affecting the performance of investment instruments held by individual investors. For this reason, GIC implements mitigation measures (e.g. through the exercise of voting rights and other engagement) to eliminate or reduce the negative impact of adverse sustainability factors on its financial income and on the financial income of its Clients and funds. Furthermore, GIC is aware that the lack of common tools to describe adverse impacts and their possible financial consequences pave the way for different interpretations, measurements and risk mitigation, while reducing the share of systemic risk that could be avoided by appropriate analytical tools and measures.

For this reason, GIC, which voluntarily complies with Art. 4 of the SFDR, intends to contribute to the financial sector by standardizing the best practice and transparent disclosure of information.

The degree of application of this policy may be different for different products and Clients.

2.1 Identification and Prioritization of Major Adverse Sustainability Impacts

Improperly targeted investment decisions can have a potential adverse impact on stakeholders, the environment and society.

GIC, as part of the Generali Group, considers the priority matrix which is available online to be an important reference for identifying and prioritizing external adverse impacts.

GIC believes that climate change is one of the most relevant issues when it comes to the impact of its activities. GIC can have an important impact on the environment through its investment decisions. As an asset manager, GIC can influence the issuers of investment tools by reducing investments in companies polluting the environment and, on contrary, by directing investments to those issuers whose activities are more environmentally friendly. With regard to social and governance factors, GIC also considers the business engagement and behaviour of the companies in which it has been invested to be of the utmost importance. These factors could adversely affect the wider society and corporate governance, i.e. their long-term performance.

In addition, GIC may implement ethical filters for its Clients to prevent investments in companies responsible for violating ethical rules or involved in controversial business sectors. GIC believes that these issues are of the utmost importance for assessing the overall impact of its activities on sustainability factors.

Following the above, and given the Generali Group's approach, GIC has decided to assess its impacts on sustainability factors through three different criteria, two of which relate to the climate change and one related to the business engagement of issuers.

Overview of the factors (PAI) GIC focuses on:

- **Greenhouse gas emissions**: Through investment decisions, we can finance companies and activities that have higher or lower levels of carbon emissions (expressed in CO2). A transparent overview of the carbon footprint of our portfolios and investments shows how well our investments support a cleaner world.
- **Exposure to coal mining**: Exposure to the coal sector (or to the solid fossil fuels sector) represents the share of investments in the solid fossil fuels sectors. Coal mining and processing is unanimously considered to be one of the most environmentally damaging activities. When burned to produce electricity, coal produces about twice as much greenhouse gas emissions as natural gas. Phasing-out strategies aim to shift investment from carbon-intensive sources (coal) to renewable energy sources. In connection with the strategies of the GIC Clients, investment limits have been introduced for issuers whose income comes from

coal mining and processing. GIC may periodically review and update the limits set for its Clients in order to achieve their strategic goal.

- **Exposure to controversial weapons**: According to the principles of ethical filters used, GIC does not invest in companies that use, develop, manufacture or acquire controversial weapons (cluster bombs, anti-personnel landmines, nuclear weapons, biological and chemical weapons) or key components or provide services related to such weapons, stockpile or trade in them.

In the light of another Generali Group's approach and on the basis of the list defined in the current RTS, once they enter into force, GIC will assess which new factors should be taken into account in this policy during their implementation.

2.2 Measures to Address the Main Adverse Impacts on Sustainability

As this is the first period for GIC to publish this information, GIC will continue to monitor the measures taken on an on-going basis. GIC has been already involved in the Generali Group's initiatives to reduce or eliminate the potential adverse impact of investments.

Explicitly referring to the impacts mentioned in the previous article, GIC supports its DAM Clients in defining strategies to mitigate the negative impacts of investments. When managing funds, GIC applies this approach in accordance with the investment strategies set out in the fund's statutes or prospectuses.

Application of Ethical Filters

The list of restrictive investments includes companies that meet one or more of the following criteria:

- Violation of the Treaty on the Non-Proliferation of Nuclear Weapons;
- Direct involvement in cluster bombs, anti-personnel landmines and biological/chemical weapons;
- Involvement in one or more of the following violations of the principles of the UN Global Compact: serious or systematic violations of human rights; serious damage to the environment; massive corruption;
- Exclusion of the coal sector and bituminous (tar) sands;

The Generali Group has undertaken to exclude any new investments in companies related to the coal sector and bituminous sands. There is a special (i.e. less stringent) arrangement for countries where the economy and employment are heavily dependent on the coal sector[1]. In this arrangement (in line with the so-called “phased transition” described below), the Generali Group has accepted a maximum exposure limit for investments in coal mining and processing where an increase in these limits is not permitted.

According to data from the United Nations Framework Convention on Climate Change (UNFCCC), the transition to a low-carbon economy will affect almost 1.5 billion workers worldwide. For this reason, the Generali Group supports the idea of a "phased transition" also for workers and communities contributing to a healthy, resilient and sustainable society where no one is "left behind".

Therefore, the Generali Group's strategy does not only include investment measures, but also relies on the engagement of key stakeholders, including political figures, NGOs and companies.

GIC will follow the Generali Group's active engagement of issuers in the dialogue with a view to stepping up their efforts to implement the phased transition' approach, through environmental reduction plans, low-carbon transition strategies and measures to protect society and the population (including without limitation as regards products for which it will be appropriate). The engagement process began in July 2018. Updates to this process are regularly published through the Generali Group's non-financial reporting.

In cases where ethical filters have been introduced, issuers included in this list are excluded from investment decisions for DAM services related to the Generali Group's internal portfolios. At the same time, new investments in any asset class are excluded. GIC will make every effort to comply with these limits when managing funds.

This list of issuers provided by the Generali Group is based on input details from various ESG data providers and is adopted by the ESG/Engagement Committee with a special focus on the issuers identified as violating the UN Global Compact principle, which requires a clear knowledge of the seriousness of the points at issue. This analysis is performed regularly and the resulting updated list is communicated to all internal GIC entities involved in investment

[1]Countries where the share of coal in the national energy mix exceeds 45% (according to the data by the International Energy Agency) and in which the Generali Group is the primary investor and/or insurer.

decision-making. In order to monitor investments and set investment restrictions, the list is included in the control measures over the GIC investment decision-making process.

Phased Transition to Low-Carbon Economy

GIC will further voluntarily seek to reduce emissions of portfolios and - more generally - the transition to a low-carbon economy, using the methodology developed by the Generali Group to assess and improve the sensitivity of portfolios to climate change by (i) identifying pioneering and lagging companies in terms of climate impact, and (ii) optimizing portfolios according to different climate strategies, as recommended by the prevailing market practices. This methodology should include the use of future-oriented criteria and indicators selected according to the Generali Group's belief that a climate risk assessment based solely on a retrospective approach is insufficient to cover likely future developments. An example of such a forward-looking indicator is the liabilities of companies in the area of SBT. This methodology further describes how climate impact assessment metrics change over time, which contributes to supporting portfolio managers by taking these metrics into account during investment decisions and monitoring.

2.3 Active Engagement Policy

GIC activities aimed at mitigating its own negative impacts are not only conducted along the lines of investment decisions, investing or offering investment products and services, but are also promoted through active engagement in dialogues with companies (issuers) and voting at general meetings to promote positive changes. Reducing the impact on sustainability factors by reducing the impact of issuers' activities is a positive solution both for them and for investors and sustainability.

GIC adheres to the Generali Group Engagement Policy, which is available online, and defines the principles, active ownership and accountability policies that govern the Generali Group's role as an asset and fund manager. In this role, the Generali Group acts responsibly and, in line with this approach, (i) monitors issuers and their involvement in financial and non-financial matters, including ESG matters, and (ii) promotes the dissemination of good practices in terms of governance, professional ethics, social cohesion, environmental protection and digitization. GIC coordinates engagement activities with the Generali Group in order to maximize the impact through active engagement. Cases for active engagement are submitted and approved by the ESG/Engagement Committee following the results of the Generali Group Engagement Committee.

The Generali Group Engagement Policy has been developed in accordance with the obligations set out in Art. 3(g) of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and takes due account of best practices from international standards.

GIC has incorporated the above principles into its voting policy which is available online, and implemented mainly through voting at general meetings.

Briefly, the process of active engagement is structured as follows:

- **Approach to engagement** - Generally, the Generali Group considers active engagement to be a constructive dialogue with various objectives: to strengthen the knowledge of issuers, to share the Generali Group's ESG issues and then to make workable recommendations to address possible ESG issues. The goal of negotiations with company executives and directors is to share long-term orientation with a constructive, results-oriented approach. Negotiations focus on becoming familiar with how companies have transformed their operating model to embed the ESG principles across their organizations. In addition, where relevant, co-operation with other investors sharing the same issues or topics could take place in order to maximize the impact on the company involved.
- **Defining the list of priorities for active engagement** - The first step is to define the lists of priorities for active engagement (list of issuers) defined within the relevant committees for active engagement and taking into account the risk assessment in the field of ESG investments. The list of priorities for active engagement is reviewed during each ESG/Engagement Committee meeting, also taking into account the main adverse impacts associated with each particular issuer.
- **Active engagement case** - Each active engagement case submitted to the ESG/Engagement Committee consists of different elements: identified risk, questions, proposals, working group, strategy, status and results.

- **Implementation of active engagement** - The ESG/Engagement Committee is responsible for implementation of active engagement. During this activity, the ESG/Engagement Committee monitors ongoing actions and external elements that could have an impact on active engagement.
- **Active engagement monitoring** - The ESG/Engagement Committee evaluates the status of each active engagement case submitted according to the defined initial objectives. On the basis of such an evaluation, the ESG/Engagement Committee may decide to continue the active engagement, increase the intensity of the active engagement or close a case of the active engagement.
- **Impacts of active engagement** - In all cases of active engagement, specific metrics are identified as indicators for improvement over time, as results of improvement. They can include:
  - Carbon emissions, carbon intensity, reduction of carbon capacity in climate-related active engagement cases,
  - Management independence, degree of diversity, salary ratio for active engagement related to corporate governance,
  - Human rights, the impact of corruption on active social engagement.

An extensive description of other activities carried out by the Generali Group through active engagement and voting at general meetings can be found in the Generali Group Active Ownership Report which is available online.