



Generali Group

**RESPONSIBLE INVESTMENT
GUIDELINE**

GROUP GUIDELINE

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INDEX

1	Introduction.....	3
2	Objectives.....	3
3	Scope	3
3.1	Effective date	3
3.2	Waivers.....	3
4	Responsible investment principles and implementation actions.....	4
4.1	Responsible investment principles.....	4
4.2	Implementation actions	4
5	Final Provisions	6

1 Introduction

Generali Group (the Group) is a long-term investor with a duty to act in the best interests of its policyholders, shareholders and other stakeholders. The Group has developed a comprehensive guideline that sets out its position and beliefs on Responsible Investments (RI).

The Group believes that the proactive integration of relevant Environmental, Social and Governance (ESG) factors into the investment process, across asset classes, will support it to achieve both financial returns and social good.

Furthermore, the Group seeks to have an influence on issuers' behavior through engagement activity and voting policies.

The Guideline sets out key principles the Group should implement as an asset owner with delegated asset management.

The Group requires its asset managers, both Group's and third parties, to follow these principles or, as an alternative, to adopt own guideline consistent with principles adopted by the Group.

2 Objectives

Generali Group's aim is to play an active role in the field environment, social and corporate governance, pursuing the following key objectives:

- encouraging high standards of corporate governance as well as good management of environmental and social risks;
- ensure the application of responsible investments principles within the Group investment management;
- promote acceptance and implementation of the Principles within the Group;
- reduce the risk of involvement in activities not in line with the responsible investments principles.

The Guideline outlines the principles for responsible investments, to which the Group shall adhere (taking into account the scope, nature and complexity of the risks and business carried out).

The main objective of the Guideline is to define a common investment management framework across the Group in order to ensure the adoption of a responsible conduct and reduce the exposure in Issuers which behaviors are not aligned with Group's principles.

3 Scope

The Guideline is applicable at all the direct holdings of assets of Group's Insurance Companies and in particular applies at the following portfolios:

- portfolios in which investment risk is borne by shareholders, excluding Unit Linked portfolios;
- portfolios in which investment risk is shared between shareholders and policyholders.

Furthermore the Guideline is applicable to direct investments related to funds promoted/managed by Generali Investments Europe SGR p.a. that is committed to develop and offer SRI products and to integrate ESG criteria into investment decision making practices.

3.1 EFFECTIVE DATE

The Guidelines have been approved by the GCEO of Assicurazioni Generali S.p.A. and is effective as of March 13th 2015.

The Guideline shall be reviewed at least on an annual basis to reflect developments in applicable legislation, market and/or best practices, Group strategy and organization. In case of material changes needed an update will be issued in a timely fashion.

3.2 WAIVERS

Waivers are allowed only if non-compliance issues with local laws arise from the Group Guideline. Any waiver has to be approved by the Group CEO with the support of Group Compliance and the Group Investment Management Function.

4 Responsible investment principles and implementation actions

4.1 RESPONSIBLE INVESTMENT PRINCIPLES

As a signatory of the Global Compact in 2007 and of the United Nations Principles for Responsible Investment (PRI) in 2011, initiatives aiming at diffusing and incorporating ESG criteria into the investment decision making and ownership practices, the Group is committed in the fulfillment of the following six principles:

- to incorporate ESG issues into investment analysis and decision-making processes;
- to be active owners and incorporate ESG issues into Group's ownership policies and practices;
- to seek appropriate disclosure on ESG issues by the entities in which the Group invests;
- to promote acceptance and implementation of the Principles within the investment industry;
- to work together to enhance effectiveness in implementing the Principles;
- to report on activities and progress towards implementing the Principles.

4.2 IMPLEMENTATION ACTIONS

In order to implement the Guideline and to have a positive influence on issuers' behavior, the Group identified the following actions to be implemented:

Incorporating ESG issues into the investment decision-making practice

The Group complements traditional techniques of analysing financial risk and return with analyses of ESG policies, performance, practices and impacts in order to exclude or avoid companies with poor ESG practices.

With specific reference to investments related to Insurance Portfolios, in order to incorporate ESG issues in investment decision making practices, the Group defined criteria, activities and instruments for identifying, evaluating monitoring and controlling higher exposure to ESG issues.

As regard ESG criteria, the Group considers with higher risk investments in assets issued by companies that:

- produce weapons that violate fundamental humanitarian principles through their normal use (cluster bombs, antipersonnel landmines, nuclear arms, etc.);
- are involved in serious or systematic human rights violations;
- are involved in severe environmental damages;
- are implicated in cases of gross corruption.

As regard activities, the Group sets up a specific process aiming at:

- continuous monitoring of the investable universe;
- identifying and evaluating issuers with an higher exposure to ESG issues, to be considered complementing traditional techniques of analyzing financial risk and return with analyses of ESG policies;
- excluding from the investable universe issuers with serious ESG issues.

A specific Responsible Investment Committee is in charge for the fair and neutral evaluation of issuers not aligned with the ESG criteria set out by the Group and support the Group Chief Investment Officer to take a decision regarding their possible exclusion from the investable universe of the Group. The Committee is composed by representatives of the main functions involved in Group's investment management activities.

As regard instruments, the Group adopted both internal and external tool and methodology for continuous monitoring of the investable universe, identifying and assessing issuers with significant ESG issues. To this extent, the Group also leverage on

services provided by a leading global Player in the provision of environmental, social, governance (ESG) research for responsible investors.

Socially responsible investment products offering

The Group is committed to develop and offer socially responsible investment funds (SRI) for which it developed an own methodology that provide for the selection of the most suitable companies on the basis of the ESG criteria analyzed and following a risk, opportunity and best effort approach.

Impact investing

With the intention to generate social and environmental impact alongside a financial return, the Group contemplates investments into companies, projects and investment funds aiming at improving the living conditions of the communities where they operate or reduce risks and mitigate the effects of climate change.

Furthermore the Group is willing to invest in specific fields, such as energy saving, in order to support industries that foster responsible production and consumption.

Engagement with issuing Companies

In its role of institutional investor, the Group commits to dialogue with invested companies encouraging them to act responsibly. Moreover, the Group commits to require the invested companies to justify any conduct observed that does not comply with the established ESG criteria. Solely where the companies do not meet these standards and continue to engage in the behavior observed, their exclusion from the investment universe is proposed.

Integrating ESG issues in the voting policy

In order to exercise its voting rights and safeguard the rights of its clients, the Group commits to integrating ESG elements into its voting policy. The primary goal is to encourage company directors and managers, where the Group is shareholder, to consider governance, social and environmental topics in the performance of their activities.

To such extent the Group set out the basic rules to be observed by Group companies when analysing the proposals of resolutions to ensure that they are consistent with the interest of the Group and its clients.

In particular the following criteria are considered in performing voting activities:

- Shareholding Rights
 - Access to exhaustive information before the general meetings;
 - Equitable treatment of shareholders, both minority and majority;
 - Anti-takeover mechanisms contrary to the interests of all the shareholders.
- Corporate Boards
 - Segregation of duties between Chairman of the Board and Chief Executive Officer;
 - Directors independence;
 - Employee representatives in the Board of Directors;
 - Board candidates' professional skills
 - Duration of the appointment as Board member;
 - Multiple directorships in different Companies;
 - Board membership in terms of minimum / maximum number of members;
 - Independent members representing minority shareholders;
 - Diversity;
 - Boards committees.
- Remuneration Policy
- Audit, disclosure and transparency
 - Transparency and quality of financial information;
 - Discharge of responsibilities on directors and key executives;
 - Appointment of statutory auditors.
- Income allocation and equity transactions
 - Disclosure of dividend payout policies;

- Equity issuances strategically justified and financially balanced;
- Reserved equity transactions (e.g. mergers; spin-off) assessed on their long-term-value.

Public Engagement

The Group commits to dialogue and collaborate with institutions and national and international associations to promote the diffusion of responsible investments, as well as to take part in working groups to foster knowledge, through studies, research and publications.

Disclosure and Transparency

The Group commits to convey transparently to its stakeholders the information concerning strategies and responsible investment activities, as well as to communicate in detail the criteria for exclusion of issuers that do not meet the ESG criteria established by the Group and the related amount invested.

5 Final Provisions

Adoption and Communications

The Responsible Investment Guideline has been approved and issued by the Group Chief Executive Officer of Assicurazioni Generali S.p.A. and adopted by all Group's Insurance and Asset Management Companies.