

**Generali Insurance Asset Management S.p.A.
SGR**



ENGAGEMENT

POLICY

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Document summary

Title	Engagement
Classification	Policy
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Versioning and Ownership

Version	Date of issuance	Reason for and Extent of Changes	Owner
3	2022-06-29	Organizational changes Engagement approach changes Changes in methodology in Group Ethical Filter	Active Ownership
2	2021-07-02	Update of voting principles for alignment with the Group Voting Principles updates (linked to new regulations, peers and market best practices and changes induced by the pandemic). Updates on definitions.	Active Ownership
1	2020-06-03	N/A	Active Ownership

Main related internal regulatory references

- GIAM *Coal and Tar sand Exclusion Policy*
- GIAM *Active Ownership Operating Procedure*

Any substituted/abrogated internal regulations

- Please indicate any internal regulation that is substituted/abrogated by issuing the present document

Main related external regulatory references

Regulatory Yes No

If yes, please indicate external regulatory references

Annexes

- N/A

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Glossary and Definitions

Term	Definition
ACTIVE OWNERSHIP REPORT	The report issued by Active Ownership , on an annual basis, providing high level information and performance data on proxy voting as well as engagement activities performed during the year. This report does not exempt Active Ownership from drafting and publishing the annual communication as described under paragraph 5 of this Policy. It contains the information required by Article 124-quinquies, par. 2 of Legislative Decree no. 58 /1998 (“TUF”).
AGM	Annual General Meeting
ARTICLE 8 PRODUCTS	Products (individual portfolio or CIS) that promote ES Characteristics pursuant to Article 8 SFDR
ARTICLE 9 PRODUCTS	Products (individual portfolio or CIS) that have a sustainable investment objective pursuant to Article 9 SFDR
ASSOGESTIONI	The Italian Asset Management Association grouping all Italian and foreign asset management companies operating in Italy
EGM	Extraordinary General Meeting
ENGAGEMENT CASE	An Engagement Case on a specific issuer list including different elements such as (but not limited to) the risk identified, objective of the engagement actions, characteristic of the engagement, remedial actions and status and results of the engagement progress
ESG	Environmental, Social and Corporate Governance
ESG factor (or sustainability factor)	It means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
ESG risk (or sustainability risk)	It means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
ETHICAL FILTERS	restricted list that includes companies matching one or more of the criteria contained in § 2.2 of GIAM Sustainability Policy and Adverse Sustainability Impact Statement
GIAM	Generali Insurance Asset Management SGR S.p.A.
GSi&G	Group Sustainability Investment & Governance
GIP	Generali Investments Partners SGR S.p.A.
INSTITUTIONAL INVESTOR	<p>“Legal persons falling under the definition of professional clients according to the applicable law and including at least:</p> <ol style="list-style-type: none"> 1) an insurance or reinsurance undertaking as defined in letters u) and cc) of paragraph 1 of article 1 of Legislative Decree 7 September 2005, No. 209, including the secondary offices in Italy of companies having their registered office in a third State, authorised to carry out insurance or reinsurance activities in the life classes pursuant to Article 2, paragraphs 1 and 2 of the same decree 2) pension funds with at least one hundred members, who are registered in the register held by COVIP and included among those referred to in Articles 4, paragraph 1, and 12 of Legislative Decree 5 December 2005, No. 252, or among those of Article 20 of the same decree having legal personality
INVESTEE ISSUERS	Invested companies, including but not limited to issuers whose shares and bonds are admitted to trading on an Italian regulated market or on a regulated market of another EU Member State
IR	Investor Relations
KPI	Key Performance Indicators
LAGGARDS	Lower rated ESG issuers as rated by the ESG rating providers of the Company or as internally rated

Term	Definition
MINOR CHANGES	<p>Non-substantial amendment to be introduced in the Policy already in force, namely:</p> <ul style="list-style-type: none"> ▪ updates to reflect formal changes in the organizational structure (i.e., function/structure/unit names, provided that the entrusted responsibilities remain unchanged) already approved by the relevant GIAM corporate bodies and disclosed through internal memoranda; ▪ updates to annexes referring to standard forms or supporting technical details, as long as they do not include additional substantial elements; ▪ linguistic corrections (e.g. typos)
IMPACT ENGAGEMENT	<p>Interactions with executives or board members of the investee issuers regarding the strategy, financial and non-financial results as well as risks, capital structure and management of material ESG factors and risks.</p> <p>The goal is to influence the issuer's behavior.</p>
SRI	Socially Responsible Investment
SFDR	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
STANDARD ENGAGEMENT	<p>Normal interactions with issuer during the investment process, or financial / extra-financial analysis process</p> <p>The goal is to raise awareness of the issuer or gather additional information on a specific topic.</p>
UCIs	Undertakings for Collective Investment

Roles and Responsibilities

Corporate Function	Roles and Responsibilities
ACTIVE OWNERSHIP	<ul style="list-style-type: none"> ▪ Coordinates GIAM Engagement Committee; ▪ During Engagement Committee, suggests an initial list and then a review of the Engagement List based on different inputs; ▪ Is in charge for the engagement execution activities; ▪ Reports to the Engagement Committee the ongoing actions and inform it about the external elements that could affect the Engagement Cases; ▪ During quarterly meetings of the Engagement Committee, Active Ownership seeks feedback from the permanent members, including possible suggestions to improve the execution / process for the following year; ▪ Issues, on quarterly basis, an internal report based on Engagement Activities to be addressed to full Engagement Committee members and their direct reports during the Engagement Committee Meeting ▪ (Head of Active Ownership): approves the Engagement list
ENGAGEMENT COMMITTEE	<ul style="list-style-type: none"> ▪ Committee in charge of coordinating and supervising engagement activities related to important issues, including strategy, financial and non-financial results as well as risks, capital structure, social and environmental impact, and corporate governance
ESG INTEGRATION & SOLUTIONS	<ul style="list-style-type: none"> ▪ Provide inputs for Engagement List definition ▪ Performs standard engagement linked to Ethical Filter, Coal Exclusion and ordinary ESG analysis process ▪ Takes into account engagement results in ESG Process

1. Executive Summary

This Engagement Policy (the “Policy”) sets out the fundamental rules that Generali Insurance Asset Management S.p.A SGR (GIAM) applies for the exercise of rights linked to equity and fixed income instruments, including but not limited to the shares admitted to trading on an Italian regulated market or any regulated market of another EU Member State which are part of the collective and individual portfolios it manages, and describes the ways in which GIAM integrates the commitment as asset manager in its investment strategy, including the interactions with the issuers of the above mentioned financial instruments.

This policy has been drawn up in compliance with the obligations introduced by Legislative Decree no. 49/2019 of May 9th, 2019, which transposes the so-called Shareholding Rights Directive 2 (Directive (EU) 2017/828).

The aim of this Policy is to define the principles to be applied for the performance of the following activities:

- ongoing monitoring and engagement of Investee Issuers on important issues, including strategy, financial and non-financial results as well as risks, capital structure, and management of material Environmental, Social and Governance (ESG) factors and risk;
- exercise of voting rights and other rights connected to shares;
- cooperation with other shareholders and/or the communication with the relevant stakeholders of the investee issuers;
- communication to the public on how GIAM has implemented this Policy, including a general description of voting behavior, an explanation of the most significant votes and the possible use of proxy advisory services; and
- management of potential and effective conflict of interests connected to the engagement.

In addition, this Policy sets out the rules to be applied by GIAM for communicating to Institutional Investors with whom it has in place individual or collective management agreement the information needed by the latter to comply with their disclosure obligations according to the applicable law, as well as the way in which GIAM investment strategy and its implementation contribute to the medium and long-term risk-return profile of the assets part of the individual or collective management agreements.

2. Introduction

As an asset manager, GIAM 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.

For these purposes, this Engagement Policy sets out the fundamental rules that GIAM is required to apply for the exercise of rights linked to shares and bonds in Investee Issuers under management and describes the ways in which GIAM integrates the commitment as an asset manager in its investment strategy, taking into account best practices from international standards as well as relevant national stewardship codes.

2.1 SCOPE OF APPLICATION

This Policy only applies to investments in shares and bonds managed by GIAM of Investee Issuers admitted to trading on an Italian regulated market or any other regulated market, including EU market in connection with:

- Undertakings for Collective Investment (UCIs) issued and managed by GIAM; and
- Clients' Portfolios under management for which GIAM assumed the obligation to exercise voting rights in Investee Issuers.

In case of UCIs managed by GIAM based on a delegation agreement, the collective portfolio management mandate has to regulate the duties that GIAM undertakes in its capacity as delegated manager of the UCIs relevant from time to time.

2.2 APPROVAL AND REVIEW

This Policy is approved by the Board of Directors (BoD) of GIAM upon proposal of GIAM CEO and is immediately applicable as of 29-06-2022.

This Policy shall be reviewed promptly, and in any cases at least once a year, to include developments in legislation, market and/or best practices as well as in GIAM's strategy and organization.

GIAM CEO is delegated by the GIAM BoD to approve Minor Changes to this Policy.

3. Engagement activities and ongoing monitoring

GIAM engages Investee Issuers, in the interest of the clients' portfolios and UCIs managed, implementing an active ownership, especially considering industry, country, issuer allocation, stock picking, proxy voting and ESG screening factors, with the aim to reinforce its engagement capabilities and have a greater impact on the Investee Issuers.

3.1 STANDARD AND IMPACT ENGAGEMENT

With regard to Engagement, Active Ownership carries out the following activities:

1. Standard Engagement: normal interactions with Investee Issuers during the investment process, financial/extra-financial analysis process or voting process
2. Impact Engagement: specific (individual or collective) interactions with executives or board members of the Investee Issuers regarding the strategy, financial and non-financial results as well as risks, capital structure and management of material ESG factors and risks.

In particular, the above types of engagement include the activities better described as follows:

- Standard Engagement

Standard Engagement is performed towards Investee Issuer depending on the following not exhaustive criteria: relevance of the shareholding in the issuer within the portfolios under management, existence and relevance of the relationships with the issuer, interest for specific sectors of issuer's activity from the research standpoint. The Standard Engagement is executed autonomously by the different functions indicated under the table below and is reported at the GIAM Engagement Committee.

- Impact Engagement

Impact Engagement is performed only towards the Investee Issuers included under the engagement list described under par. 5.2.1.

The table below summarizes the functions in charge for the execution of the activities included under each type of engagement as well as examples of the possible type of interactions with the relevant Investee Issuer.

LEVEL	DESCRIPTION	IN CHARGE OF EXECUTION	TYPE OF INTERACTION AND ESCALATIONS
1 – Standard engagement	Concerns are shared with the issuer. The goal is to raise awareness on a specific topic (or gather additional information)	Investments dept., Research dept.	Standard Investments meeting / calls at quarterly / annual meeting with CEO/CFO or other representatives of the relevant issuer on strategy, financial results, financial risks, and capital structure.
		ESG Integration & Solutions	Standard ESG analysts' interactions with IR, Sustainability Manager / CSR Manager or other representatives of the issuer on topics relevant to the ESG Integration & Solution function to gather information (social and environmental impact and corporate governance within the ambit of ESG Analysis)
		Active Ownership	Standard Active Ownership interactions with IR, General Counsel, Corporate Affairs of the relevant issuer in order to raise awareness of the issuer on a specific topic (social and environmental impact and corporate governance.)
2 – Impact engagement	Clear expectations towards the issuer are set. The goal is to influence issuer's behavior and demonstrate additionality.	Active Ownership	Expressing concerns through issuer's advisers (proxy solicitors)
			Interactions with IR, General Counsel, Corporate Affairs of the relevant issuer (social and environmental impact and corporate governance,)
			Writing to the full board of the relevant issuer through the office of Company Secretary of the latter or equivalent communication

LEVEL	DESCRIPTION	IN CHARGE OF EXECUTION	TYPE OF INTERACTION AND ESCALATIONS
			Specific meetings with the management, CEO, CFO, IR, other executives (head of operation, control and sustainability functions etc.) of the relevant issuer
			Specific meeting with chairman, lead independent board members, other board members of the relevant issuer
			Public statement, speaking at AGM, communicating online voting records
			Voting against one or more directors

The Engagement Committee is the formal venue where the activities performed (and above described) are reported and coordinated.

3.2 ENGAGEMENT PROCESS

The following activity, in case of Group Insurance Companies, are carried out applying the GIAM internal regulation implementing the Group Active Ownership Guideline - Asset Owner, according to which GIAM, as delegated Group Asset Manager, is in charge for the execution and reporting to GS&SR of the Engagement activities when they concern equity and fixed income instruments included under the portfolios managed by GIAM for Group companies.

3.2.1 Definition of Engagement list

During each Engagement Committee, which takes place on a quarterly basis, The Engagement Committee will review of the Engagement List based on different inputs. Issuers could be added or removed from the list at each Engagement Committee.

Input from ESG Integration & Solutions structure

ESG Integration & Solutions gives the main inputs taking into account:

- For Standard Engagement, Issuers flagged by GIAM Coal and Tar Sands Exclusion Policy according to the 5.4 paragraph and by Ethical Filters framework;
- For Impact Engagement, ESG issues and controversies as well as issuers identified as “laggards”.
- For both Engagements, whether Principal Adverse Impact of investments decisions on sustainability factors (PAI) is considered at entity and/or product level (according to articles 4 and 7 SFDR respectively), the opportunity to evaluate the integration of the related planned actions, based on the results of the PAI indicators calculation and/or the outcomes of said actions.

Input from Investments and Research structures

Investments and Research structures will have the possibility to suggest engagements to Active Ownership based on several criteria including:

- Poor financial performance
- UCIs and/or individual portfolio's exposure (significant holdings in absolute or relative terms)
- Strategic relevance

Engagement List approval

Engagement Committee is in charge for supporting the Head of Active Ownership for the approval of the engagement list as well as any of its updates. The engagement list is then sent officially to all the members of the Engagement Committee to be cascaded to their structures in GIAM.

3.2.2 Engagement Case

Each Engagement Case presented to the Engagement Committee will be composed of different elements. Please find below a non-exhaustive and non-constraining list of items that could be integrated in an Engagement Case:

THEME	DESCRIPTION
Risk identified	<ul style="list-style-type: none"> ▪ Description of issue identified with issuer: strategic, governance, environmental and social issues ▪ Potential damage to shareholder holdings or reputation
Classification	<ul style="list-style-type: none"> ▪ Standard Engagement: the goal is to raise awareness ▪ Impact Engagement: the goal is to influence issuer's behavior
Expectations	<ul style="list-style-type: none"> ▪ Expectation towards the company with average timeline of implementation. ▪ Possibly highlight best practices
Task Force	<ul style="list-style-type: none"> ▪ Coordinator (Active Ownership team) will have the duty to involve internal competencies in a task force composed of internal specialists and experts from Engagement Committee functions: ESG Integrations & Solutions, Investments, Research
Tactics	<ul style="list-style-type: none"> ▪ Engagement Type: Direct, Collaborative or Service provider agreement ▪ Who: Identified targets within issuer (key people, committees) ▪ How: communication venues: letter, calls, meetings, public statements ▪ When: key milestones, meeting frequency, expected meetings

3.2.3 Engagement Execution

Active Ownership is in charge for the engagement execution activities and for involving in the task force for handling these activities internal specialist and experts depending on the Engagement Case at hand.

Each Engagement Case implies the discharge of the following engagement execution activities, distinctly described for each relevant phase:

- *Task force briefing:* all members of the identified task force in the Engagement Case will receive the detailed information on the Engagement Case and will be briefed via call/meeting
- *Investee Issuer interaction:* the Investee Issuer is contacted directly, via broker or via other intermediary in consistency with the "Tactics" identified in the Engagement Case.

At this stage, if the issuer does not answer to solicitations or does not disclose the required information, Active Ownership will suggest appropriate escalation step to the Engagement Committee gathering missing information or the task force will interact with the issuer according to the "Tactics" of the Engagement Case.

Moreover, during interactions with issuers, the commitment of the issuer's representatives not to disclose inside or confidential information will be expressly required and GIAM Market Abuse Policy applies, where relevant.

- *Assessment of the information provided by the Investee Issuer:* once Active Ownership and the task force has gathered enough information from the issuer, they will assess it.
- *Issuance of recommendation:*
 - Option 1: if the answer of the issuer is considered as satisfactory, Active Ownership or the task force will report and suggest to the Engagement Committee / Head of Active Ownership to close the case.
 - Option 2: if the answer of the issuer is not deemed satisfactory, Active Ownership or the task force will issue suggestions / recommendations and present them to its interlocutors. Each recommendation / suggestion will be associated with an agreed deadline (Monitoring Period) at the end of which both party agree to meet again. The monitoring period will start (the activities to be performed during the monitoring period are described under paragraph 3.2.4 of this Policy).
- *Reporting:* each interaction with the issuer will be subject to a dedicated reporting gathered by Active Ownership that will at least comprise:
 - Issuer met / called
 - People present at meeting/call: name, position
 - Topic of the meeting/call
 - Date of the meeting/call
 - Answers of the company

- Conclusion and next steps of the meeting/call
- Minutes of the meeting/call

During the execution, Active Ownership will report to the Engagement Committee the ongoing actions and informs it about the external elements that could affect the Engagement Cases. During quarterly meetings of the Engagement Committee, Active Ownership will seek feedback from the permanent members, including possible suggestions to improve the execution / process for the following year. For further details, please refer to GIAM *Committees Operating Procedure*.

This reporting will be one of the basis of the Active Ownership Report.

3.2.4 Engagement Monitoring (During Execution phase)

Each update occurring during the Engagement activities will be monitored by the function in charge of execution (according to table of par. 3.1) and gathered in dedicated documents. During each Engagement Committee, each Engagement status will be summarized.

The Engagement Committee will evaluate the status of each Engagement presented by the function in charge of execution (according to table of par. 3.1) depending on the initial goals defined.

For Impact Engagement, based on this evaluation the Head of Active Ownership can decide to:

- Continue the engagement activity;
- Escalate the intensity of the engagement: depending on each situation, Active Ownership will suggest more intensive engagement actions. Based on the engagement actions validated by the Engagement Committee an approval of the CEO could be requested by the Head of Active Ownership;
- Close the Engagement Case: the Engagement Committee can decide to close an Engagement Case in the following situation:
 - Expectation towards the issuers, set in the Engagement Case, have been met; (also taking into account that, as for as the Article 8 and Article 9 Products, the relevant investee companies have to follow good governance);
 - Ultimate action has been taken divestment, ban to increase exposure, bring to expiry the existing positions, assessing the option to reduce opportunistically;
 - Other external situation requires to close the case.

In each situation, the Engagement Case is updated accordingly closed and duly recorded by Active Ownership. The outcome of the Engagement Case is also taken into account with reference to the PAI consideration, where applied.

3.2.5 Engagement Committee

GIAM Engagement Committee Members are:

- Head of Active Ownership - Permanent (Chair)
- Head of ESG Integration & Solutions - Permanent
- Head of Research – Permanent
- Head of Investments – Permanent
- Head of Risk – Permanent
- Head of LDI Strategy, Outsourcing Control and Active Ownership - Invited
- Head of Fixed Income – Invited
- Head of Equity - Invited
- Head of Credit research - Invited

Permanent or invited members can delegate their participation to members of their teams.

3.2.6 Engagement coordinator

The Engagement Committee coordination is ensured by Active Ownership function. The Engagement Committee Coordinator will be in charge to:

- organize Engagement Committee work on quarterly basis, prepare sessions, write minutes;
- define the engagement list and coordinate member contributions to be submitted to the Engagement Committee;
- create the task force and define the means to reach the identified objectives;
- gather and create Engagement Cases / Request approval from Engagement Committee;
- monitor the Engagement Activities;

- implement more intense engagement actions.

3.3 COOPERATION WITH OTHER SHAREHOLDERS

3.3.1 “Minority Lists” in Italy

GIAM cooperates with other shareholders/investors through the collective exercise of monitoring initiatives promoted by Assogestioni or other industry associations where GIAM is member from time to time in the different jurisdictions where it operates.

In particular upon coordination of Assogestioni, GIAM in collaboration with other asset management companies affiliated to Assogestioni can support minority lists of Investee Issuers (presentation of lists of candidates for the Administrative and Supervisory Bodies at AMG).

The description of the activities related to the cooperation with other shareholders/investors is detailed in the relevant operation procedure of GIAM.

3.3.2 Collaborative Engagements

More globally, for impact engagement purposes, GIAM will use collaborative engagements as a way to maximize impact of engagements activity. Every proposal to join a collaborative engagement will be submitted to the GIAM Engagement Committee for information purposes.

3.4 FOCUS ON GIAM COAL AND TARS SANDS POLICY

In the framework of GIAM Coal and Tars Sands Exclusion Policy, in the event that more information is required to assess the coal phase out strategy of an issuer, the issuer itself will be engaged. If the engagement efforts do not lead to obtaining more relevant information on a time horizon of 9months, the companies will be considered as restricted.

The above engagement will be performed by the ESG Integration and Solution function as a Standard Engagement.

4. The exercise of voting rights and other rights connected to shares and bonds

GIAM exercises the voting rights and other rights connected to the shares of Investee Issuers, included under the UCIs it establishes and manages or under the individual portfolios managed (in the latter case, as far as GIAM has been specifically delegated by the client in the individual mandates), through the following activities:

- a) monitoring of corporate events of the Investee Issuers;
- b) evaluating the procedures and timing for the exercise of intervention and voting rights;
- c) deciding the exercise of these rights and, possibly, the votes to be expressed;
- d) exercising intervention and voting rights.

4.1 MONITORING OF CORPORATE EVENTS

The corporate events of all Investee Issuers are monitored as follow:

- based on the information provided to Active Ownership by the Investments structure on the positions held in Investee Issuer within each UCIs/individual portfolio managed, the Active Ownership collects information on the relevant corporate events, also through data available on external providers;
- through the collective exercise of monitoring initiatives promoted by Assogestioni or other industry associations where GIAM is member from time to time in the different jurisdictions where it operates.

4.2 EVALUATION OF THE PROCEDURES AND TIMING FOR THE EXERCISE OF VOTING RIGHTS

The ownership of a given equity is considered relevant when GIAM holds on aggregate, within all managed UCIs, 0,5% or more of the issuer's share capital, retaining the faculty to exercise the voting rights below such threshold. For equity held in individual mandates, GIAM follows the client's indications included in the IMA if any.

Furthermore, the Investments structure may also take into consideration securities which are deemed, due to contingent occurrences linked to the issuer, particularly important, making it therefore advisable to vote at a meeting, ensuring the safeguard of the unitholders' interests.

Considering that the opportunity to exercise voting rights should be evaluated also based on a cost-benefit analysis, anyhow the CEO can decide not to exercise voting rights based on the advice of Active Ownership in connection with the provision of collective asset management service.

Active Ownership is in charge for:

- providing voting recommendations and express the relevant vote in connection with the shareholdings in Investee Issuers included under:
 - UCIs portfolios issued and managed by GIAM;
 - Third party Individual portfolios under management for which GIAM assumed the obligation to exercise voting rights in Investee Issuers, and
 - UCIs portfolios issued and managed by GIP, pursuant to the outsourcing agreement in place between the GIAM and GIP and on the basis of the power of attorney issued by GIP in favor of the Head of Active Ownership;
- submitting the analysis of the voting recommendations related to the shareholdings in Investee Issuers included under individual portfolios to GSI&G structure for Group Insurance Companies whose individual portfolios are managed either by GIAM or GIP; in addition, the function is responsible for expressing the relevant vote, in case clients expressly assign to GIP, who in turn sub-delegates to GIAM, the voting right;
- submitting the analysis of the voting recommendations related to the shareholdings in Investee Issuers included under individual portfolios to GIP – Client Service and Support structure for clients other than Group Insurance Companies whose individual portfolios are managed either by GIAM or GIP; in addition, the function is responsible for expressing the relevant vote, in case clients expressly assign to GIP, who in turn sub-delegates to GIAM, the voting right.

Active Ownership provides the voting recommendations / analysis of voting recommendations in line with the criteria presented hereafter, and in line the investment objectives and guidelines of the relevant UCIs/mandate:

- Shareholder rights
 - *Preliminary information for "enlightened" voting* - GIAM expects that issuers provide an adequate and timely disclosure regarding the resolutions submitted to shareholders' vote, to allow shareholders to have access to exhaustive preliminary information before the General Meeting in due time for allowing the exercise of an informed vote. In principle, GIAM expects issuers to publicly disclose all relevant proxy material in a timely

manner, taking care of publishing the documentation in English alongside the relevant local language, especially in presence of international shareholders

- *Equitable treatment of shareholders* – In principle, GIAM supports the “one share, one vote” principle, as it preserves the link between economic interest and voting power. As such GIAM does not support any practice that undermines such principle, to the extent that it is considered an effective instrument to grant an equitable treatment of minority and majority shareholders. Where a deviation from this principle is in place, issuers are expected to disclose to the market the relevant supporting rationale. In case of insufficient disclosure, or where GIAM’s opinion is divergent, GIAM will support resolutions restoring the effectiveness of the “one share, one vote” principle.
- *Virtual Meetings* – GIAM is in favor, on principle, of hybrid (both virtual and in-person) and virtual general meetings on the condition that the following essential requisites are met:
 - The company ensures high transparency standards;
 - Board accountability is guaranteed;
 - The active participation of shareholders is warranted, also tackling the issue of shareholders being unable to connect due to their technological equipment;
 - The full exercise of shareholders rights is guaranteed (e.g. through real time webcasting, flexibility on options to present proposals, outright responsiveness to questions from shareholders).

In addition GIAM will also take into account in its assessment of the issuer and its proposal whether proper consideration has been given to all relevant factors that could limitate shareholders’ rights (such as limited connection availability to shareholders or technical difficulties in guaranteeing identification of each shareholder) and appropriate mitigation measures have been taken.

- *Shareholder proposals* – GIAM recognizes that shareholder proposals are an effective instrument for shareholders to demand for change in policies, increased transparency and improved disclosure on material aspects of a company’s business. In voting on shareholder proposals, GIAM will evaluate on a case-by-case basis, among other relevant factors, the existence of a clear link between the proposal and the company’s short and long-term value enhancement/risk mitigation, the issuers reaction and responsiveness to the proposed items and the relevant peer responses, in balance with the interests of the shareholders and other affected stakeholders.
- *Anti-takeover mechanisms* – GIAM believes that a good performance and a developed dialogue with its shareholders are the best ways for a company to react against a takeover. Moreover, takeover bids may represent also a valid solution for management performance that are jeopardizing long-term value or to ensure an effective accountability of the management towards shareholders. As such GIAM believes that anti- takeover mechanisms are, in principal, detrimental to the interests of shareholders. Consequently, GIAM is likely to vote AGAINST resolutions for the introduction of anti- takeover defences without a specific scope and/or rationale. However, GIAM will evaluate the appropriateness of an anti- takeover defence taking into account the existing circumstances, taking into considerations the past performance of the target issuer, the acquirer’s objectives and track record and the long-term interest of the target issuer’s stakeholders.

■ Corporate Boards

- *Governance Model* – GIAM is aware of the existence of different board governance models allowed by the different local regulations and company bylaws. GIAM does not give preference to any particular structure, provided that the governance model ensures an adequate and balanced governance of the company and accountability of directors towards stakeholders.
- *Segregation of duties* – GIAM is in favour of the separation of the roles of the Chairman of the Board and Chief Executive Officer in light of the fact that this solution does not affect the accountability of the board of directors and its independency. In case of proposals to concentrate both roles in the same individual, GIAM will evaluate whether local market best practices allow for both roles to be held by the same individual (e.g. Japan) or if the issuer has adopted (or is going to adopt) sufficient mitigation measures (e.g. election of a senior/lead independent director or vice-chair). In line with the approach of maintaining an adequate balance of power within the Board of Directors, GIAM shall vote AGAINST resolutions proposing the nomination of a former CEO as Chairman of the board of directors, unless either (i) compelling reasons (such as the need to ensure continuity and the temporary nature of the appointment) exist or (ii) at least one full board mandate has elapsed between the end of the last mandate as CEO and the appointment as Chairman and, in both cases, (iii) the company has adopted (or is going to adopt) sufficient defences to preserve board’s accountability. In both cases, the board of the issuer should communicate appropriately with shareholders in advance setting out a convincing rationale.

- *Director independence* – GIAM believes that an adequate representation of independent directors within the board of directors is necessary to reinforce board accountability and preserve an adequate balance of powers. Despite the most adequate level of independence is linked to several circumstances (e.g. performance of the company, records of past misconduct, local practices, shareholders' structure), GIAM is generally in favor of a majority of directors to be independent. In companies subject to the control of other entities, or where local market practices are materially divergent, a lower threshold may be accepted, to the extent that at least one third of the directors is independent and that the major shareholder is not over represented and provided however that the audit committee within the board of directors of the issuer and/or statutory auditors' board (if any) are majority independent.

A director is considered independent if he/she has no relationship with the company, its group or its management that could compromise the exercise of his / her freedom of judgment. In assessing the independency of each director GIAM will evaluate all existing circumstances and information disclosed by the company and/or the relevant proponent, also considering, as a circumstance that may in principle hinder the independence requirement, if the subject director or candidate is:

- a former or current executive or employee of the company or the group (for employee only, a cool off period of five years is acceptable);
- a relative of the managers and of the directors;
- a relevant shareholder or representative of or a relative to a relevant shareholder owing 3% or more of the voting rights (provided however that the materiality of the shareholding will be evaluated considering the shareholder's structure of the company and local market practices);
- a customer, supplier or service provider that is relevant for the company and/or its group, or whose business is relevantly connected with the company;
- an individual holding political office which is connected with the company and/or its group and/or its business;
- the director of a group subsidiary who is (or has been in the last five years) paid for this service;
- an individual belonging to a group administered by one of the company's managers (a crossover director);
- a senior manager of a major financial institution on the same market and/or a senior bank manager within the last three years, to the extent that the subject financial institution has or had in the subject period a material financial or commercial relationship with the company or its group;
- a director whose term or presence within the company or group exceeds the shorter between 10 years and the period recommended by the local corporate governance code.

GIAM shall vote FOR/AGAINST those resolutions that provide for establishing a majority/minority of board independent directors. GIAM also recommends that independent directors are sufficiently numerous to ensure the establishment of at least a majority independent remuneration committee, a majority independent nomination committee and a fully independent audit committee. Board committees of the issuers should be chaired by an independent Chairman and composed mainly by non-executive directors.

- *Employee representatives* – GIAM shall vote FOR resolutions proposing the appointment of employee representatives. Generally, board members without voting rights are not taken into account when assessing board size and independence; therefore, normal director election policy and rules do not apply. Where employee representatives have voting rights in the meeting of board of director, they cannot be considered independent and the UCIs won't take them into account when evaluating the independence rate of the boards.
- *Board candidates' professional skills* – GIAM shall vote on directors' election with the purpose of providing the company with a board of directors composed of members ensuring an adequate balance of skills, experience, and independence. Professional skill of board candidates should be adequate to cover the peculiarities of the business managed by the relevant company, taking into account the possible opinion released by the board of directors and/or the nomination committee and the evidences (if available) from the board self-assessment. GIAM positively evaluate the inclusion in boards of at least one member with ESG, ethics or sustainability experience. GIAM will evaluate past performance of the proposed nominee (or in the case of slate elections, of the nominees included in each slate) taking into account the information publicly available and those disclosed by the relevant proponent. GIAM will refrain from supporting candidates, in case of insufficient information on their regard (due to lack or late disclosure of the relevant nominee, the biographies and/or the other information needed to assess the adequacy in terms of skill, time commitment and independence).
- *Election methods* – GIAM is aware of the different procedures provided by the different local regulations and company bylaws. GIAM does not give preference to any particular procedure, provided that the election

mechanism, applicable in the specific case, ensures an adequate representation of shareholders and allows a balanced composition of the board of directors.

As regards resolutions for the introduction of a staggered board, GIAM will evaluate if supporting the resolution considering the rationale provided by the investee company, the composition of the board and the general governance structure of the company, in order to avoid possible misuse of staggered board mechanism.

- *Duration* – Directors should be appointed on a regular time basis, with a preference for terms that, in principle, do not exceed four years. However GIAM will take into account local market best practice, allowing for longer mandates, or supporting more frequent elections.
- *Multiple directorships* – Board members should have sufficient time to perform their functions and responsibilities to protect shareholders' interests. In particular, executive directors should maintain sufficient availability to deal with unexpected circumstances such as (without limitation) an acquisition, a merger, a takeover or a crisis situation.

As a general principle, a director is deemed to have insufficient time when he/she failed to attend at least 75% of its scheduled board/committee meeting, without adequate justification. However, a high number of external directorships can limit the ability of the director to effectively purport his/her duty. As a consequence, GIAM will adopt a rigorous assessment of the candidate's time availability if the number of external mandates covered by him/her exceeds the following limits referred to listed companies:

- executive directors: one non-executive directorships and none executive directorships outside the same group;
- non-executive directors: four non-executive directorships and none executive directorships outside the same group;
- Chairman of the Board: two non-executive directorships and none executive directorships outside the same group, provided that any chairmanship of boards and/or committees will be counted as two non- executive directorships.

- *Board membership* – Boards should be adequately sized to ensure the appropriate balance of expertise and diversity but not too wide to avoid detriment to efficiency. GIAM will evaluate the size of the board taking into account recommendation of the board of directors and/or the nomination committee, considering also the rationale provided by the company for any deviation from the practice observable in the country and/or the business where the company operates. In general, GIAM considers a board appropriately sized when it is composed of, excluding possible non-voting members, at least seven and no more than fifteen members (or, in case of a financial issuer with a one tier model, 18 members), as having too many directors may dilute their responsibility.
- *Diversity* – GIAM is committed to leverage diversity to create long-term value, to be innovative and sustainable for all stakeholders. GIAM promotes diversity at corporate bodies level (i.e. in terms of gender, age, seniority of office, educational and professional background, ethnicity and nationality), also encouraging wider gender diversity, with at least 1/3 of the board composed of the less represented gender. In case of lower representation, GIAM will in principle support the candidate to non-executive directorship belonging to the less represented gender, subject however to an assessment on the candidate's profile (e.g. absence of concerns on candidate's experience, independence of the board, time commitment).
- *Board Committees* – Boards of the issuers should establish specialized committee responsible for those matters where conflicts of interest are likely to arise (with particular regard to audit, nomination and executives' remuneration), composed by non-executive directors, the majority of which to be independent and chaired by an independent director. GIAM positively evaluates the creation of a specialized committee overseeing the management of material ESG factors and risks. The duties and membership of board's committees should be fully disclosed.

■ Remuneration policy

- *General Principles* – Issuers should adopt a remuneration policy for members and key managers consistent with industry best practices, taking into account issuer's performance and effective contributions by directors to support companies' long- term value creation. In particular, an adequate remuneration structure should align the interest of the management with those of shareholders into a sustainable long-term company's growth; moreover, as issuers' operations have an impact on a wide range of stakeholders, GIAM will

positively evaluate remuneration policies which include into the remuneration structure non-financial performance criteria, including, targets related to effective management of material ESG factors and risks.

Remuneration policy of the issuers should be structured by a majority independent committee and without the participation of beneficiaries.

- *Frequency of Say-on Pay* – GIAM expects issuers to submit to shareholders' vote (i) their remuneration policy at least on a three- year basis and/or (ii) their remuneration report on annual basis, depending on local regulation and requirements.

Any change to the remuneration policy principles and/or processes should be subject to shareholders' approval at the earliest General Meeting. Following the remuneration policy approval by shareholders, any subsequent extraordinary change to performance target and/or criteria should be in principle avoided or subject to shareholders' notification at the following General Meeting.

- *Remuneration Requirements* – Remuneration structure should include a fixed component in line with the market and, for executive directors, a variable component adequately sized to align interests of the management with those of the company, without incentivizing dangerous risk taking approach. To this scope, variable remuneration should be balanced to promote long term performance and it should be capped to a reasonable maximum percentage of fixed remuneration or maximum predefined amount (taking into account industry and local market practices, skills of the beneficiaries and the rationale provided by the company).

In any case variable remuneration should not be paid in case of poor results, considering also the performance of company's peers. In particular, variable remuneration should be based on observable multiple and diversified performance criteria, to avoid any manipulation and/or subsequent changes made without shareholders' consent. Such criteria should be, in principle, both qualitative and quantitative, taking into account the performance of the company and those of company's peers. The inclusion of a deferral period for a part of the variable remuneration bonus will be positively evaluated. Vesting scale should be clearly disclosed, showing the threshold, target and maximum remuneration based on the level of achievement of the relevant performance indicators. Target should be carefully assessed, in order to be challenging but reachable. Performance indicators should take into account results under the control of the beneficiaries, in order to avoid remunerating external performance and/or influences. Extraordinary payment should be in principle avoided and granted only in case of exceptional circumstances, linked to observable exceptional results and/or extraordinary transaction, reasonably sized and conditional to future company's performance evolution.

Claw-back and malus provisions, allowing the recovery of undue payments, should be provided.

Ownership requirements are supported, where it is a local market practice and, for non-executive directors, to the extent that such shareholdings do not hinder their independence requirements.

- *Disclosure* – Remuneration policy should be sufficiently transparent, complete, and disclosed in a timely manner.

In particular GIAM expects companies to provide details on the remuneration paid to directors and management, specifying, in particular with regard to executive directors, the different components of said remuneration and how the company links remuneration with company's long-term performance (for example and without limitation, performance criteria, lasting of vesting period, existence of holding requirements, pay ratio and maximum level of remuneration).

GIAM expects companies to disclose the peers taken into account for defining directors' salaries, in order to evaluate their appropriateness: peer groups should not be too wide, nor too strict and they should include comparable companies, in terms of capitalization, business and geographical distribution. However, benchmarks represent a starting point, as remuneration should be based on actual duties and powers of beneficiaries.

GIAM shall vote AGAINST resolutions for increasing directors' salaries on the basis of sole benchmark consideration, in absence of an explanation by the company which makes opportune an adjustment of the salary (for example: increase of duties, rises in line with the general employee salary increase or due to inflation adjustments).

- *Short Term Variable Incentive* – Annual bonuses should reward performances registered at least on annual basis. Given the strict linkage with actual current issuer's business, performance criteria should be tailored to the company's on-time target and periodically revised to take into account the business development. In terms of target pay-mix, short-term incentives component should not exceed long term component.

- *Long Term Variable Incentive* – Long term incentive should be based on performance objectives assessed over a minimum three-year period, with possible additional holding period. Long-term component should represent the main portion of variable remuneration and should be aligned with long term strategy of the company. Therefore, the inclusion of performance criteria consistent with company’s long-term business plan is positively evaluated.
- *Equity Based Incentive Plan* – GIAM believes that remuneration committees are in the best position to evaluate the appropriateness of a remuneration structure in terms of pay-mix, aggregate level of remuneration and nature of incentives. However, where short term incentives and/or long term incentives include granting of stocks, in such instances, GIAM shall positively evaluate issuers that (i) disclose the aggregate amount of deliverable stocks and the percentage reserved to the top executives;(ii) limit discount at a reasonable level; (iii) avoid re-pricing and retesting clauses; and (iv) limit dilution at a sustainable level, not exceeding 10% of the issued share capital in 10 years for executive (in aggregate, considering all outstanding incentive plans).
- *Termination benefits* – Moreover, GIAM will in principle vote AGAINST resolutions that provide for departure severance indemnities that are excessive as compared to local market best practices. As a general principle, such indemnities should not exceed two years of remuneration, in addition to due payments linked to notice period or other treatment potentially provided under local applicable laws or as non-competition agreements. It should not be paid in case of voluntary resignation and/or termination with cause.
- *Supplemental retirement plans* – GIAM will in general support resolutions to approve supplemental retirement plans if the annual pension cost and pension contributions are disclosed, the perimeter of beneficiaries is published and based on a certain number of pre-established criteria, including presence within the company at the time of retirement, tenure, and company’s performance.
- *Non- executive directors’ remuneration* – Non-executive directors and supervisory board members (if any) are primarily entailed with supervisory duties. An appropriate remuneration for these roles should avoid a linkage with financial/operational performance, to preserve the requested independence and accountability. If a variable remuneration is deemed opportune by the issuer and/or foreseen by local market practices (e.g. USA, Germany), it should nevertheless be linked to the director’s performance metrics.

- Financial Statements, disclosure and transparency

- *Transparency and quality of financial information* – Issuers’ reports and financial statements should be transparent and formed on the basis of true and complete information. They should highlight the strategy and the future prospects over the long-term period, as well as the main risks to which the issuers are exposed and should be released in a timely manner.

Issuers should also publish all relevant non-financial information including Environmental, Social and Governance related information, in order to provide shareholders with a complete framework of data to correctly assess the overall issuer’s performance and extra-financial risks connected with issuer’s operation.

GIAM shall vote AGAINST the approval of financial and non-financial statements in case of material breaches with issuer’s disclosure obligation or where relevant reservations are expressed by the independent auditors entailed with the certification of the accounts.

- *Discharge* – GIAM is not in favour of discharging the board in jurisdictions where it is not an usual practice and/or if the discharge would limit any possible legal action from shareholders. In any case the UCIs shall not support resolutions for discharging the management in case of alleged serious misbehave, negligence and/or prejudice to shareholders’ interest. In absence of any evidence of misconduct or damage to shareholders’ interest, GIAM may, in principle, support voting for discharging the management, if it is a market practice, not hindering shareholders’ legal faculties.

Appointment of external auditors – Issuers should appoint an auditor chosen among subjects with adequate professional skills and free of conflicts of interests. Independence of the auditor is fundamental for its accountability and preservation of shareholders’ interest. Where external auditor has to be ratified by shareholders, these have to be provided with all information necessary to correctly assess the resolutions, including information on the existence of additional mandates (other than audit mandate), proposed wage and duration of the mandate.

Independence on the auditor will be assessed taking into account:

- The ratio of audit fees on non-audit fees, provided that non-audit fees should not exceed 50% of audit fees, and provided also that not sufficiently detailed audit related fees will be qualified by the Group as non-audit fees;
 - Existence in the past 5 years of additional economic interest between the auditor's firm and/or its partners and the company and/or its group (including corporate officers);
 - Existence of familiar relationship between the auditor's firm and/or its partners and the management of the company and/or its group.
 - GIAM shall vote AGAINST the appointment of external auditors in case of material lack of transparency in auditor's selection or lack of independence.
 - Except for divergent local market practices, the appointment of an audit firm or a statutory auditor should not exceed 10 years. Audit tenders should take place regularly at least every 10 years, unless compelling reasons.
- *Dividend pay-out* – Issuers should disclose their dividend pay-out policy. These policies' content should be in line with shareholders expectations, the issuer's financial needs and consistent with long-term development. Issuer's allocation resolutions are assessed on a case-by-case evaluation from the GIAM, based on financial metrics (including coverage of dividends by earnings and/or free cash flow), past practices (taking into account year on year changes and supporting rationale), business practices (with reference to issuer's peers and local market trends). Issuers are expected to pursue a sustainable dividend policy, preserving the long-term value of the issuer, also through dividend distribution covered by earnings and/or free cash flow.

▪ **Equity Transactions**

- *Free share awards* – GIAM is in favour of employee shareholdings. Reasonable discounts will be tolerated as long as employee shareholdings do not exceed 10% of total issued share capital, in order to provide proper incentives but without unbalancing shareholders' interests.

Because of their potential dilution, GIAM shall vote FOR authorizations for free share awards covering corporate officers that do not exceed (in a five-year period) 5% of the issued share capital and should be subject to performance conditions and that are announced beforehand to the General Meeting of shareholders.

- *Equity issuance* – General issuance requests made to shareholders to raise equity funding should be strategically justified and financially balanced.

These operations must be given special attention, as, on one hand, they provide the management with an effective instrument to promptly raise funds on the market without calling dedicated shareholders' meeting for each issuance, but, on the other hand they could lead to a considerable dilution in equity ownership. Unless they are intended for a particular project, cumulative capital increases must not account for more than 50% of the issued share capital. Preferential shareholder rights are of fundamental importance during capital increases.

To this respect, GIAM shall vote AGAINST resolutions (unless reasonable compelling rationale – as the need to maintain capital ratio requirements – is provided by the management):

- If issuance authorizations with pre-emptive rights exceed 50% of the issued share capital and no intended specific purpose is disclosed (66% as customary in United Kingdom);
- If capital increases without pre-emptive shareholders rights and with a priority subscription exceeding 33% (20% in France and United Kingdom) of the issued share capital, unless it is justified by a particular project;
- In case of no specific and justified projects, capital increases without preferential shareholders rights and without a priority subscription period must not, on the whole, exceed 20% (10% in France and United Kingdom) of the issued share capital;
- If the company cash is used to buy-back its own shares when the company is carrying significant debt.

Generally, the evaluation on the general issuance requests is extended also to ancillary resolutions (e.g. Green shoe) and to the issuance of convertible debt instruments (provided that, in such case, GIAM take into

account in a more relevant way also the financial burden deriving from the transaction).

- *Extraordinary transactions* – Extraordinary transactions (including reserved equity transactions) such as (without limitation) mergers, contributions and spin offs will be assessed on a case by case basis by UCIs, taking into account:
 - the timely availability of sufficient information on the transaction;
 - the statements in the fairness opinion (if any) and the consistency with the transaction price;
 - the coherency of the transaction with the long-term strategy of the company;
 - the corporate governance structure resulting from the transaction;
 - the absence of material prejudice to shareholders' interest and/or any interest with the existing management;
 - the short-term and long-term potential outcome;
 - the competitive framework for the company before and after the completion of the transaction;
 - the market reaction to the announcement of the possible transaction;
 - the economic impact on shareholders' value.

GIAM shall vote AGAINST the proposed transactions in case of material default under the abovementioned criteria.

In case of no specific and justified projects, general requests of authorization of in-kind contributions or public share exchange offers shall be in principle rejected: however GIAM may support such resolutions where (i) an adequate rationale is provided by the issuer, (ii) there are no elements triggering a material prejudice to shareholders' interest; (iii) the overall transaction is conducted in a transparent way, it is supported by an independent assessment and it aims at fostering the medium-long term interest of shareholders.

- Environmental and Social factors and risks

Effective management of risk and opportunities related to material ESG factors and corporate social responsibility practices are key elements of value creation and value protection in long term, benefitting the issuers, the investors and all stakeholders.

As responsible investor and subscriber of the United Nations Global Compact, Generali Group is deeply committed in promoting sustainability in the investees. In particular GIAM expects that companies duly comply with their disclosure obligation, publishing the relevant information on policies, strategies and performance achieved in addressing material ESG factors. In this regard, GIAM expects issuers to carefully assess risks related to material ESG factors and - in line with international reporting standards - disclose the results of this assessment, the management measures in place and the results achieved in mitigating material risks related to:

- environmental aspects with particular regard to climate change mitigation and adaptation (such as carbon footprint and vulnerability to climate-related physical and transition risks), sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention control, and protection and restoration of biodiversity and ecosystems;
- human rights, non-discrimination and protection of health and safety;
- compliance with labor regulations, including provisions for defined pension plans;
- anti-corruption, tax compliance and anti-bribery;
- other adverse impacts or breach of international standards promoting responsible business conduct such as the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

With specific regard to climate change mitigation, GIAM exercises its voting rights to advocating for, and engaging on, corporate and industry action, as well as public policies, to set the decarbonization targets and implement the related plans in line with science and under consideration of associated social impacts.

GIAM will also assess if the issuer has been involved in environmental and/or social controversies and, in such instances, shall vote in favor of resolutions requiring appropriate remediation and risk mitigation measures.

- Special provisions for market-wide and systemic risks

GIAM recognizes that issuers and the entire financial system are exposed to potential market-wide and systemic risks that include but are not limited to: changes in interest rates, geopolitical issues, currency rates, climate change, natural disasters and pandemics.

- As responsible investor, GIAM promotes the adoption of case-by-case approach, on the basis of company-specific, sector-specific and market-specific facts and circumstances, to shape and favor a long-term sustainable recovery and to allow companies to become resilient to changed condition.
- Special provision for small and unlisted companies

GIAM is aware of the differences existing among listed and unlisted companies. However, GIAM also believes that the promotion of Corporate Governance and sustainability practices also in unlisted companies may foster their long-term value and allow higher returns for shareholders.

To this scope, GIAM shall support resolutions promoting better corporate framework and effective management of ESG factors-related risks in line with international best practices, taking however account of the existing needs and circumstances. In this sense the principles embedded in this Policy will represent a guidance which will however be applied through a proportional approach, to avoid that strict prescriptions may impose additional unbearable costs for small and unlisted companies and/or limit their ability to compete on the market. In any case, transparency should always be sufficient to allow shareholders to adequately assess the feasibility of the resolutions and alignment with corporate strategic goals.

- Transactions with Related Parties

GIAM expects issuers to set up a procedure for transacting with related parties ensuring an adequate level of transparency, supervised by an independent committee, where requested by the relevant legal framework. Transaction with related parties should be carried on in a fair and balanced way, transparently disclosing to the market all relevant information to allow an informed vote by shareholders, when requested.

When voting on transaction with related parties, GIAM will take into account the opinion expressed by the independent committee responsible for supervising the process, the commercial fairness of the transaction and how conflict of interest is addressed. GIAM may vote AGAINST in case of insufficient disclosure and/or when the fairness of the transaction is questionable, as compared to market practice.

Any voting recommendations on resolution items different from the abovementioned ones shall in any case be issued on the interest of UCIs, its investors as well as individual portfolio clients.

The decision on the exercise of voting and intervention rights to meetings is taken in the exclusive interest of the UCIs, of the unit-holders as well as individual portfolio clients preventing and managing possible conflicts of interest that may affect the independence of decisions taken in this context.

5. Disclosure Obligations

Pursuant to the applicable law, GIAM publishes on its website the updated version of this Policy and the annual communication - to be disclosed to the public within February 28th of each year – describing how this Policy has been implemented, including a general description of voting behaviors, an explanation of the most significant votes and the possible use of proxy advisory services.

To this end, Active Ownership is in charge for drafting the abovementioned annual communication and to transmit it, together with the updated version of this Policy, to the GIP Marketing function in order to allow the latter to discharge its publication duties, in accordance with the outsourcing agreement in place between GIAM and GIH in connection with these activities.

In particular, Active Ownership asks to the GIP Marketing function to timely publish the updated version of this Policy as well as the abovementioned annual communication on the section dedicated to GIAM of this website <https://www.general-investments.com>

Active Ownership submits to the BoD the annual communication prior to its publication on the abovementioned internet page, for information purposes.

6. The management conflict of interest connected to the engagement

As a general rule, Active Ownership abstains from exercising voting rights linked to Assicurazioni Generali as well as any other Investee Issuers belonging to the Generali Group.

By way of exception to the foregoing, when Investments Stewardship intends to exercise voting rights linked to equity of Investee Issuers of the Generali Group, Investments Stewardship will explain the reasons based on which the decision to take part to the vote is not determined by the fact that the issuer is part of the Group, and therefore influenced by a conflict of interest, but exclusively by acting in the interest of the managed funds and the clients.

In addition to the foregoing, the GIAM Conflicts on Interests Policy applies each time the Investee Issuers is an entity falling under those with which a potential conflict of interest situation can occur according to the said Policy. In this case, the measures for the management of the conflict of interest situation, provided under the abovementioned GIAM Conflicts on Interests Policy, apply as well.

7. Communication and obligations toward Institutional Investors

7.1 AGREEMENT MINIMUM REQUIREMENTS

GIAM is obliged to specify, in the individual or collective agreements it executes with Institutional Investors, the following elements, unless the Institutional Investors expressly refuse to include such elements in the abovementioned agreements, to allow the Institutional Investors to comply with their disclosure obligations:

- a) the ways in which the agreement encourages GIAM to align the strategy and investment decisions with the profile and duration of the liabilities of the Institutional Investor, in particular long-term liabilities;
- b) the ways in which the agreement encourages GIAM to make investment decisions based on the assessments relating to the long and medium-term financial and non-financial results of the Investee Issuers and to engage with these issuers to improve the medium and long-term results;
- c) the ways in which the method and the time horizon for assessing the results of GIAM and its remuneration for the management activity are in line with the profile and the duration of the liabilities of the Institutional Investor, in particular long-term liabilities, and takes absolute long-term results into account;
- d) the ways in which the Institutional Investor controls the portfolio turnover costs incurred by GIAM, as well as the ways in which it defines and controls a predetermined portfolio turnover value and the related variation range;
- e) the possible duration of the agreement.

To this aim, the OBR in charge for the outsourcing agreement of legal activities executed between GIAM and GIH is responsible to ensure that the relevant legal function of the service provider, GIH, ensures completeness of the individual or collective management agreements with Institutional Investors entered into by GIAM, in cooperation with, and with the support of, the Portfolio Officers.

7.2 ANNUAL COMMUNICATION

GIAM communicates, on an annual basis, to the Institutional Investors with which it has in place individual or collective management agreements the information needed by the latter to comply with their disclosure obligations as well as the way in which GIAM investment strategy and its implementation contribute to the medium and long-term return of the assets of institutional investors or the UCIs invested by Institutional Investors.

To this end, Active Ownership with the relevant functions is in charge for drawing up a communication, which shall at least include:

- f) reports on the main medium and long-term risks associated with investments, on the composition of the portfolio, on its turnover and on the related costs, on the use of proxy advisors for the purposes of commitment activities and, where applicable, on their policy for granting securities on loan as well as the way in which the latter is implemented in order to pursue their commitment activities, in particular at the general meetings of investee companies;
- g) information on the possible adoption, and related procedures, of investment decisions based on an assessment of the medium and long-term results of the investee companies, including non-financial results;
- h) information on the possible occurrence of conflicts of interest in connection with the commitment activities and the measures taken by the asset managers to manage them.

Active Ownership transmits the abovementioned communication to the Reporting Function which is in charge for drafting the UCIs' annual financial report or, in the case of individual management agreement, the periodic financial report to clients. The Reporting Function is then in charge to ensure that the UCIs' annual financial report and the periodic financial report include the relevant communication.