ESG NEWS BULLETIN

June, 2026

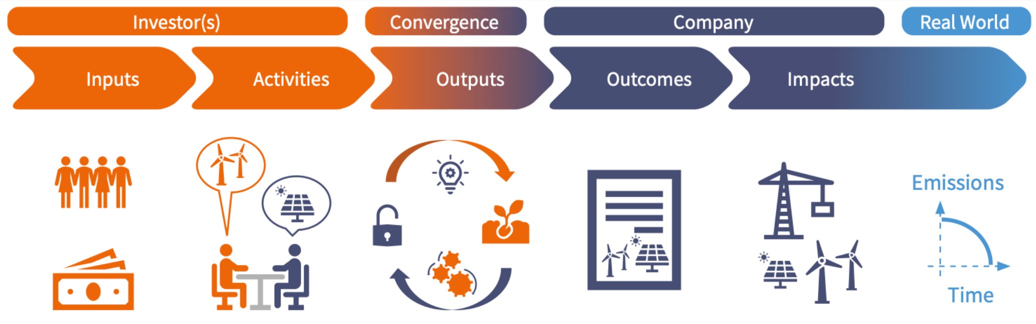
Generali Asset Management's ESG team presents VOICE, a new ESG engagement analysis framework to which GenAM Active Ownership Team contributed, plus a summary of the most significant industry news worldwide of the month.

VOICE - FRAMEWORK FOR ESG ENGAGEMENT

- **Defines and accounts for ESG engagement** by establishing a clear, standardised definition of what constitutes an engagement, distinguishing it from routine dialogue and creating a consistent basis for counting and assessing engagement activity.
- **Measures engagement influence** through a structured assessment framework and five-level scale that evaluates the likelihood that investor actions contributed to company change, using evidence-based indicators rather than activity volume alone.
- **Standardises engagement reporting** by providing a common approach for disclosing engagement objectives, activities, outcomes and evidence of influence, improving transparency, reducing the risk of «engagement-washing» and enhancing comparability across managers.
- **Strengthens engagement quality and consistency** by identifying the resources, expertise, governance and commitment required for effective stewardship, while supporting asset owners in evaluating managers using a more consistent and comparable framework.

CHART OF THE MONTH

ESG ENGAGEMENT ANALYSIS FRAMEWORK



Source: ESG engagement analysis framework, FIR.

The chart illustrates the VOICE Method's engagement pathway, tracing how investor engagement can translate into real-world change.
Starting with **inputs** and **activities**, investors mobilise resources and undertake engagement actions designed to influence company behaviour.
These interactions generate **outputs**, including the establishment of dialogue, clarification of expectations, production of information, and greater willingness to act on ESG issues. Building on these intermediate effects, companies may implement **outcomes** through changes to policies, operations, or governance practices.
Over time, these changes can contribute to **impacts** - concrete, sustainable, and structural transformations affecting both the company and its stakeholders. By linking each stage of the process, the framework provides a structured way to evidence how engagement contributes to corporate change and investor influence.

In the news this month

ESG NEWS MONITORING

- **Renault SA (Automobiles | FR) –** Renault has set an informal limit of 5% of revenue from defence activities, compared with €58 billion in total revenue in 2025, reflecting ESG considerations and its focus on consumer automotive operations. The company is exploring defence partnerships, including a drone project with capacity of up to 600 units per month, though no large-scale orders or confirmed agreements have been finalized, and discussions on additional projects remain ongoing. Financial Times
- **Space Exploration Technologies Corp. (Telecommunication Services | US) –** SpaceX shares declined in premarket trading after MSCI assigned the company a CCC ESG rating (its lowest level), citing high ESG risk exposure and weak risk management, particularly in governance and controversies. The rating coincides with share price volatility following its recent market debut and comes as SpaceX is reportedly considering a $20 billion bond issuance to fund investments in artificial intelligence and space operations. Quartz
- **Bayer AG (Pharmaceuticals | DE) –** The U.S. Supreme Court ruled in favor of Bayer, limiting litigation related to its Roundup weedkiller by blocking state-level “failure-to-warn” claims. Bayer’s shares rose 16% following the decision. However, the company still faces around 65,000 claims, including allegations of negligence, misleading marketing, and product defects. While the ruling strengthens Bayer’s legal position, it leaves meaningful residual liability. It also does not affect the proposed $7.25bn settlement, which remains subject to final approval. Reuters

SOVEREIGN

World – A study finds markets are underestimating the economic risks of biodiversity loss, potentially mispricing up to $83 trillion in global assets. Disruptions to key ecosystems could raise annual sovereign debt interest by $162 billion and cut global GDP by about $2 trillion. Countries like India and China could face major credit rating downgrades, increasing borrowing costs and default risk, with added annual debt servicing of $50 billion and $70 billion respectively. Reuters

EU – The European Banking Authority has published draft methodology and templates for the 2027 EU-wide stress test, marking the first inclusion of climate risks in the exercise. The climate module will assess transition and physical risks, requiring banks to model impacts from policy driven transition shocks, including carbon pricing and energy price changes, as well as physical risks. The exercise will involve 63 banks, covering ca.75% of the EU banking sector, as the EBA continues efforts to embed ESG risks into supervisory practices. ESG Today

UK – The UK government is proposing a ban on social media for under 16s and additional restrictions on online features, potentially implemented by spring next year with stronger age verification rules. The policy would apply to platforms including TikTok, Instagram, Snapchat, Facebook, YouTube and X. The plans have drawn mixed reactions, with concerns over enforcement and effectiveness, while platforms highlighted existing safety measures and questioned a full ban. Reuters

Italy – Italy’s lower house approved a bill to create a nuclear energy regulatory framework, now pending Senate approval. If passed, the government will have up to a year to set rules on nuclear power, fusion research, and waste management. The law outlines plans for next-generation reactors, hydrogen production, and safety standards, while streamlining permits and supporting local communities—without authorizing immediate plant construction. Sky

In the news this month

REGULATION

- **Carbon Border Adjustment Mechanism (CBAM) –** EU member states agreed a negotiating position to strengthen the CBAM by expanding its scope to selected downstream products, targeting gaps where carbon-intensive imports could avoid the levy. The proposal also includes stronger anti-circumvention measures, expanded Commission powers, and regular reviews to further extend coverage, ahead of negotiations with the European Parliament. ESG News
- **Sustainable Finance Disclosure Regulation (SFDR) –** EU member states agreed a Council position on revisions to the SFDR, including allowing some fossil fuel companies into the "Transition" category if they meet criteria such as ≥20% capex aligned with EU Taxonomy and time-bound emissions reduction plans. The proposal also introduces rules for including certain public sector issuances within the 70% positive contribution requirement for specific product categories. The Council position forms the basis for upcoming negotiations with the European Parliament. European Council

EXTERNAL REPORTS

- **Legal & General –** The energy transition is advancing, but markets are underestimating its pace due to short-term focus and uncertainty. Rapid growth in renewables and electric vehicles is driving emissions toward a peak by 2030, with expected warming around ~2.5°C and lower scenarios still within reach with faster action. Fossil fuel demand is set to decline over time, though the transition will remain uneven amid macro and geopolitical challenges. Short-term profitability in high-carbon sectors may obscure longer-term risks, while early investment in low-carbon technologies can strengthen resilience and future returns. At the same time, climate adaptation is becoming increasingly important as physical risks continue to rise. An energy transition is happening – but are investors aware?
- **LSEG –** Green equities have delivered strong returns despite volatile markets, pushing the green economy's market value above $10 trillion for the first time. The FTSE EOAS Index outperformed the broader market by 12.4% over the past year, with renewables leading gains. If considered as a standalone industry, the green economy would now be the world's third largest, surpassing Health Care, only behind Technology and Industrials. Green revenues grew 5.3% in 2025, the fastest since 2022, across a broad range of sectors, driven by electrification, AI-related power demand, energy efficiency, and clean transport. Electric vehicles and advanced batteries were standout contributors, adding $62 billion in revenue. Investing in the green economy 2026

THE ESG TEAM AT GENERALI ASSET MANAGEMENT

Our ESG team is comprised of 15 specialists who sit at the intersection of ESG analysis and research, and active engagement.

The team is structured around two key pillars – analytical coverage of ESG risks and opportunities from an investment point of view, and a tailor-made client service, designed to respond to investor needs and sustainability mandates.

This dual focus allows the team to integrate ESG factors at every stage of decision-making, translating thematic research, engagement inputs and quantitative filters into concrete investment actions.