




## Active Ownership Policy

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VERSIONING			
Version	Date of approval	Summary description of amendments	Repealed/Replaced regulation
<b>001</b>	18/12/2023	Definition of principles and guidelines of the Bank's Active Ownership Policy	-


Policy OWNER
<b>General Counsel &amp; Sustainability Manager</b>

**GLOSSARY**

<b>Banca Generali or Bank or Company or Parent Company</b>	Banca Generali S.p.A.
<b>Active Ownership</b>	A set of responsible investment strategies aimed at actively managing the assets held in portfolio (issuers, funds and their managers) in pursuit of a significant improvement in their sustainability performance with regard to specific topics material to the Group and the sector. It takes the form of engagement (i.e., direct dialogue with issuers) and exercise of voting rights and participation in Shareholders' meetings (so-called voting)
<b>Direct Assets</b>	Investments in equities and bonds issued by the companies benefiting from the investment
<b>Indirect Assets</b>	Investments held indirectly in the companies benefiting from the investment through subscription of fund units, including, by way of example, UCITS, ETFs
<b>Subsidiaries</b>	The companies controlled from time to time by Banca Generali and belonging to the Banca Generali Group
<b>Engagement</b>	Discussion and dialogue activities (such as, by way of example, meetings, communications, e-mails, etc.) regarding material ESG topics, aimed at establishing a medium/long-term relationship with investee companies (issuers), delegated fund managers and institutions in order to improve the ESG practices of investee companies
<b>Engagement List</b>	The list of issuers to be engaged, as defined by the Committee
<b>ESG Factors</b>	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, as defined by the EU SFDR Regulation
<b>Banca Generali Group or Group</b>	The group made up of the companies associated with each other by virtue of the control exercised by Banca Generali
<b>Group's UCITS</b>	UCITS created and/or managed by companies authorised to manage investment funds belonging to the Group (e.g., BGFML)

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<b>Voting Principles</b>	The voting principles that Banca Generali and, where applicable, its Subsidiaries are required to comply with at the Shareholders' meetings of the companies in which they invest, in accordance with the procedures set forth in this Policy and appended to it as Annex 1
<b>Proxy Advisor</b>	Company in charge of overseeing the activities relating to the exercise of voting rights by coordinating: I) the monitoring of the corporate governance topics of the investee issuers; II) the preparatory activities for participation in General Shareholders' Meetings with regard to the exercise of voting rights
<b>Rating Provider</b>	Company specialised in the ESG analysis of the portfolios included in the scope of application of this Policy and in the definition of an ESG Rating, both for the portfolio and the underlying assets
<b>SFDR Regulation</b>	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 (hereinafter also SFDR)
<b>Service Provider</b>	Company in charge of overseeing engagement activities by coordinating: I) the monitoring of the corporate governance topics of the investee issuers; II) the management of interaction with investee issuers regarding significant strategic aspects
<b>UCITS</b>	Acronym for Undertakings for the Collective Investment in Transferable Securities, i.e., investment funds regulated at European Union level

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## 1. INTRODUCTION

### 1.1. SUBJECT MATTER AND OBJECTIVES OF THIS POLICY

Banca Generali and its Subsidiaries have undertaken to engage with their stakeholders to effectively manage the sustainability topics of the companies they invest in as part of portfolio management and collective asset management services.

This Active Ownership Policy (hereinafter “Policy”) has been adopted to further develop the commitment of Banca Generali and its Subsidiaries towards sustainable and responsible investment and to strengthen their investment decision approach, in line with:

- Banca Generali’s Vision;
- the commitments undertaken by signing the UN Principles for Responsible Investment, which place Active Ownership (also known as “stewardship”) among the main responsible investment strategies;
- the fulfilment of the obligations and implementation of the leading practices introduced by the SFDR (Sustainable Finance Disclosure Regulation), particularly with regard to the pursuing of sustainable investment objectives and monitoring of the principal adverse impacts of investments,

in the belief that the application of tangible and sound stewardship principles (e.g., anticipating and preventing sustainability risks, generating a true and tangible impact, etc.) results in multiple benefits.

The Policy defines:

- the roles and responsibilities of the corporate functions involved;
- the voting policy;
- the procedures for exercising voting rights and/or engagement procedures;
- the scope of application;
- the procedures for managing any situation that might lead to a case of conflict of interest;
- the transparency commitments and methods for disclosing Active Ownership results.

### 1.2. DOCUMENT MANAGEMENT

This Policy is approved by resolution passed by the Bank’s Board of Directors, based on a prior preliminary analysis by the Nomination, Governance and Sustainability Committee.

Any amendments to this Policy that are necessary and/or appropriate, classified as "of lesser importance" according to the Guidance Policy on the Preparation and Updating of Corporate Policies and Regulations, are approved by the Chief Executive Officer on the proposal of

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the General Counsel & Sustainability Area (hereinafter the *Owner*) and of the Organisation Department, in consultation, where needed, with the Compliance and Anti-Financial Crime Department and the Corporate Affairs and Relations with Authorities Department.

The amendments of greater importance are approved by the Board of Directors on the proposal of the Owner and with a prior opinion from the Product and Service Committee – Active Ownership Session.

The Owner is responsible for verifying, at least every two years from the date of issue/last revision, the possible need for updating this Policy, taking into account its compliance with the relevant regulatory framework, the strategy of the Bank and the entire Banking Group, and the operational and organisational context in which the Bank and the Banking Group operate.

### 1.3. REGULATORY FRAMEWORK

This Policy has been prepared on the basis of the principles introduced by the following laws, frameworks and recommendations.


#### External regulations

- Regulation (EU) No. 2019/2088 (so-called SFDR) on sustainability-related disclosures in the financial services sector;
- Directive 2014/65/EU (MiFID II) of the European Parliament and of the Council of 15 May 2014 and further implementing measures contained in secondary Regulations and Directives, as well as the related national transposing provisions;
- Directive 2009/65/EU (UCITS) of the European Parliament and of the Council of 13 July 2009 and further implementing measures contained in secondary Regulations and Directives;
- Directive 2017/828 (so-called Shareholders Rights II) of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement;
- Italian Stewardship Principles for the exercise of administrative and voting rights in listed companies and the best practices Recommendations defined by Assogestioni and inspired by the EFAMA Code for External Governance;
- Principles for Responsible Investment promoted by the United Nations, of which the Group is a signatory since December 2022.

#### Internal regulations

- Banca Generali's Sustainability Policy;
- Banca Generali's Responsible Investment Policy.

Furthermore, this Policy has been drawn up in compliance with the Active Ownership Group Guideline of the Generali Group.

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#### **1.4. SCOPE OF APPLICATION**

This Policy applies to Banca Generali and to all its Subsidiaries that manage investment funds (so-called “collective asset management”) and/or portfolios.

The Subsidiaries implement the Policy in compliance with the legal and regulatory requirements applicable to their activity or place of incorporation. If any of the provisions contained in this Policy are less restrictive than local legislation, the company concerned shall adopt the most restrictive local law in force.

The Subsidiaries’ Boards of Directors are required to adopt this Policy, adopted by Banca Generali, by specific resolution, thereby assuming responsibility for ensuring knowledge thereof and application to matters within their scope. If conflicts with local laws and regulations emerge, or if, in application of the proportionality principle, it becomes necessary to derogate from the Policy, the Managing Director or General Manager of the Group’s company in question provides Banca Generali, in advance, with an explicit, reasoned account of the necessary derogations.



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## 2. ROLES AND RESPONSIBILITIES


In order to properly apply the Active Ownership strategy, the roles and responsibilities of all the corporate personnel and structures entrusted with ensuring the implementation and monitoring of the activities defined in this Policy are given here below.

### **Product and Service Committee – Active Ownership Session (hereinafter ‘Committee’)**

- it is an inter-company committee that meets with half-yearly frequency and is attended by the relevant managers of the respective Subsidiaries involved in the services governed by this Policy;
- it periodically examines the documentation produced by the Banking Group Sustainability Service regarding the proper implementation of this Policy, assesses the annual reports drafted by the Banking Group Sustainability Service prior to submitting them to the Nomination, Governance and Sustainability Committee, and provides any related assessments;
- it assesses, in accordance with the provisions of paragraph 4, the list of material topics for the purposes of engagement, establishing their priority, and conducts a periodic revision of those topics with at least annual frequency;
- on the proposal of the Banking Group Sustainability Service, it examines the Engagement List and the methods of engagement, providing its assessments;
- on the proposal of the Banking Group Sustainability Service, it provides its opinion of institutional engagement initiatives involving managers;
- it provides the Owner with a non-binding opinion on the amendments to this Policy;
- it provides its opinions regarding parties involved in Active Ownership identified by the Banking Group Sustainability Service, such as the Service Provider, the Proxy Advisor, the Rating Provider and other advisors who may become necessary for the purposes of implementing this Policy.

### **Banking Group Sustainability Service:**

- it submits the Engagement List and institutional engagement initiatives to the Committee's opinion;
- it coordinates and supports monitoring and engagement activities towards issuers whose financial instruments are included in the Engagement List and towards managers;
- it supports the Committee's activities by preparing the material necessary for its meetings;
- it prepares periodic reports on activities involved in exercising voting rights and engagement activities;

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- it asks the Committee for its opinion on the Service Provider, Proxy Advisor, Rating Provider and/or other advisors who may be required to implement this Policy.

**Banca Generali's Asset Management Area and Subsidiaries' asset management departments:**


- they provide analyses to support the Banking Group Sustainability Service in defining the Engagement List and institutional engagement activities;
- they implement and monitor compliance with the Active Ownership strategy.

**General Counsel & Sustainability Manager:**

- after consulting the Product and Service Committee, the General Counsel & Sustainability Manager approves the Engagement List and any institutional engagement activities;
- after consulting the Product and Service Committee, the General Counsel & Sustainability Manager defines the Voting Principles and the material topics for Active Ownership purposes, and proposes revisions thereof, where needed.

In order to execute the Active Ownership strategy, Banca Generali and its Subsidiaries may rely on the support of of the support of a Service Provider, a Rating Provider, a Proxy Advisor and/or other professionals, as necessary from time to time.

Each Subsidiary shall adopt an organisational structure consistent with this Policy, adapting it to the specific characteristics of its business and in accordance with the proportionality principle.

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### 3. SCOPE AND METHODS OF APPLICATION OF THE ACTIVE OWNERSHIP STRATEGY

This Policy applies to customers' Direct Assets and Indirect Assets included among the assets managed within the framework of the provision of collective asset management and portfolio management services for products pursuant to Articles 8-9 of the SFDR.


With regard to Direct Assets:

- a. for issuers of **equities** included in portfolio management and within UCITS managed by Subsidiaries of the Banking Group, the Policy calls for both engagement activity (see paragraph 5) and the exercise of voting rights (see paragraph 6);
- b. for issuers of **bonds**, only engagement activity is to be implemented.

With regard to Indirect Assets, for **investments in UCITS and ETFs**, only institutional engagement (see paragraph 5.2) with the respective managers is to be implemented.

In the case of portfolio management services, voting rights are not to be exercised for issuers of equities, without prejudice to the clients' ability to authorise the Bank to represent themselves by proxy to be issued in writing, in accordance with the limits and methods by applicable legislation. In such cases, where the customer does not directly specify how to vote with regard to the individual items on shareholders' meeting agenda, Banca Generali and, where applicable, its Subsidiaries, shall vote in accordance with this Policy.

With specific regard to the provision of Portfolio Management Service to institutional customers, this Policy applies, in accordance with applicable legislation, in relation to the agreements (delegated management) signed with each of them.

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#### 4. DEFINITION AND UPDATING OF MATERIAL TOPICS


The Active Ownership strategy is implemented based on an analysis of issuers' sustainability performance. This analysis offers a guideline for the engagement activities and the exercise of voting rights, while also mitigating risks related to ESG Factors.

The criteria underlying the definition of the Engagement List will be periodically evaluated and defined by the General Counsel & Sustainability Area, after hearing the opinion of the Risk Management Department.

The analysis and evaluation of ESG Factors leads to the identification by the Product and Service Committee of the so-called "material topics" for each issuer or manager, such as, for example, strategy, risks, social and environmental impact and corporate governance, in line with:

- Banca Generali's materiality matrix that, in identifying ESG material topics, takes into consideration, *inter alia*, the topics identified by the Generali Group;
- the European and international regulatory frameworks, such as the consideration of the principal adverse impacts (PAIs) of investment decisions on sustainability factors in accordance with Regulation (EU) No. 1288/2022.

These material topics must be taken into account both in the case of engagement and of the exercise of voting rights by Banca Generali and its Subsidiaries.

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## 5. ENGAGEMENT STRATEGIES AND METHODS

The types of engagement are:

- “**standard engagement**”, aimed at raising the awareness of the issuer and/or manager on a specific topic or gathering further information through normal interactions (e.g., private letter, meeting or conference call request) during the investment process, the financial/non-financial analysis process or the voting process;
- “**impact engagement**”, aimed at influencing the conduct of the issuer and/or the manager through direct interactions with executives or Board members of the issuer or manager on specific material topics, such as, for instance, the strategy, risks, social and environmental impact and corporate governance.

Engagement activities may be carried out **individually** by Banca Generali and its Subsidiaries towards issuers/managers or **collectively**, by collaborating with other institutional investors, trade associations of which the Bank is a member, such as for instance Assogestioni, Forum per la Finanza Sostenibile (Italian Sustainable Investment Forum), or with the UN PRI, to maximise the impact of the engagement activities.

The Bank may also enter into **direct or indirect dialogue with supervisory authorities** or other political institutions to contribute to specific regulatory developments, for example by participating in endorsement letters, responding to political consultations and providing technical contributions by taking part in working groups supported by specific supervisory authorities.

Engagement activities will be coordinated (and, where applicable, carried out) by the Banking Group Sustainability Service, consistently with the decisions of the General Counsel & Sustainability Manager.


### 5.1. ENGAGEMENT WITH CORPORATE ISSUERS

Banca Generali and its Subsidiaries carry out engagement activities involving **corporate issuers of equities and bonds** that are Direct Assets according to the following methods:

#### *i) Definition of an Engagement List*

The Banking Group Sustainability Service, in consultation with the Risk Management Department and with the support of the Product and Service Committee, proposes a list of issuers on which to focus the engagement activity to the General Counsel & Sustainability Manager, in consideration of the following elements:

- companies with ESG controversies;

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- companies that are considered to be less aligned with the material topics identified by the Product and Service Committee pursuant to paragraph 4 above.

With half-yearly frequency, the Product and Service Committee provides its opinion on the list of issuers on which engagement activities will be performed, in addition to defining the types of engagement for each issuer.

*ii) Execution and Monitoring*


Engagement activities are coordinated and supported by the Banking Group Sustainability Service and are described in a half-yearly report to the Product and Service Committee. The report shall contain a detailed account of the activities in progress/concluded and any issues that could influence and/or extend interactions with issuers or managers, that require escalation measures. On the basis of the available information, the Committee will assess the status of each situation and indicate future actions.

## **5.2. INSTITUTIONAL ENGAGEMENT**

Banca Generali and its Subsidiaries also carry out institutional standard and impact engagement activities, as defined in paragraph 5 above, aimed at:

- a) managers of the UCITS underlying portfolio management;
- b) managers of the UCITS underlying collective asset management instruments under own management;
- c) managers of collective asset management instruments with management delegated to third parties.

With half-yearly frequency, institutional engagement activities are submitted for approval to the Product and Service Committee by the Banking Group Sustainability Service, which will coordinate and support the Asset Management Area and the Subsidiaries in the performance of such activities, in addition to preparing the half-yearly monitoring report.

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## 6. EXERCISE OF VOTING RIGHTS

Banca Generali and its Subsidiaries exercise voting rights in shareholders' meetings with regard to the shares of issuers included in directly managed UCITS and, where delegated by the customer, also with regard to portfolio management.

In particular, in the exercise of voting rights, Banca Generali and, where applicable, its Subsidiaries:

- will exercise voting rights whenever reasonably possible, regardless of the size of the holdings, but with possible exclusion of shareholders' meetings in which the exercise of administratively, operationally or economically burdensome
- will adopt the Voting Principles, which are an integral part of this Policy (**Annex 1**);
- will undertake to analyse draft resolutions in order to cast an informed vote aligned with their strategy. In this regard, they do not rely solely on the voting recommendations of Proxy Advisors in making voting decisions, but they may also avail of their services and research;
- in case of securities under lending agreements with third parties, they will adopt a case-by-case approach to evaluate if shares should be recalled to vote, taking into account the existence of any significant impact justifying the opportunity to recall the shares, and the cost of the foregone lending income.

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## 7. MONITORING

The monitoring phase is essential to protecting and increasing the value of investments, while ensuring that the investee companies operate in a responsible, sustainable manner in line with shareholders' interests, pursued through the Active Ownership strategy.

To this end, the monitoring strategy calls both for supervision and reporting on the performance of engagement activities and the exercise of voting rights and for the possible definition of thresholds that give rise to the adoption of more incisive Active Ownership practices, where necessary ("escalation strategies").

The criteria underlying the definition of thresholds will be periodically assessed and defined by the General Counsel & Sustainability Area, in consultation with the Risk Management Department.

### 7.1. GOVERNANCE, METHODS AND TIMING OF THE MONITORING ACTIVITY

Different monitoring methods are used on the basis of the person responsible for carrying out the engagement activities and exercise of voting rights. The Banking Group Sustainability Service regularly reports the related outcome to the Product and Service Committee.

Monitoring activity is carried out through a constant, active supervision process, based, for example, on the sharing of periodic reports and the assessment of specific pre-set metrics by the Banking Group Sustainability Service, in order to verify whether the ESG performance has improved or worsened following the Active Ownership activities carried out. Monitoring activity may also refer to reporting material shared by any service providers and/or proxy advisors involved with regard to the activities performed.


The monitoring process aims not only to assess the impact of the engagement activities and voting decisions, but also to identify areas or topics that might not have been adequately handled or taken into consideration, while ensuring an increasingly effective approach consistent with the established objectives.

### 7.2. ESCALATION STRATEGIES

Monitoring plays a fundamental role in the process of identifying the most critical situations that Active Ownership activities are unable to remedy.

Where engagement activities do not yield the expected results, the Bank reserves the right to adopt escalation strategies, which may be followed by exclusion of the specific issuer or manager in question.



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## 8. SUPERVISION AND COORDINATION

The implementation and supervision of the Active Ownership strategy is the responsibility of the Product and Service Committee, which is also tasked with monitoring the activities defined in the strategy and coordinating the activities performed by the Subsidiaries.

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## 9. DISCLOSURE TO STAKEHOLDERS

Banca Generali undertakes to prepare the reports on Active Ownership strategies carried out during the year and to make them available to the public and stakeholders. In particular, in accordance with applicable legislation, the Bank's reports offer a general description of voting behaviour, an explanation of the most significant votes, any use of proxy advisory services and engagement advisory services.

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## 10. CONFLICTS OF INTEREST


Conflicts of interest may occur in Active Ownership activities, arising, for instance, from relations with companies of the Group to which the Bank belongs.

With reference to the management of conflicts of interest, and as envisaged by the Policy on Conflicts of Interest Management or by the policies on conflicts of interest adopted at local level by the Subsidiaries, the Bank and the Banking Group have included among the general measures for managing potential conflicts of interest the adoption of information barriers and of measures to prevent or limit undue influence.

In this context, the Banking Group carries out Active Ownership activities in an objective, independent manner, under its own sole responsibility, in the interest of the portfolios managed and of its customers. It has also provided for the adoption of specific management measures with regard to potential conflicts of interest arising from Active Ownership activities.

The possible cases of conflicts of interest are identified from time to time in the Policy on Conflicts of Interest Management or in the local Policies, which also lay down the related management measures. In this regard, the Bank and its Subsidiaries refrain from carrying out engagement activities and/or exercising voting rights in connection with financial instruments issued by companies in conflict of interest (e.g., due to Group relationships or significant business dealings).

By way of derogation from the above, where engagement activities are to be carried out and/or voting rights are to be exercised in relation to companies in conflict of interest, the decision must be justified and the activity always carried out in the best interest of the assets managed and of customers.

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## 11. ANNEX 1 – VOTING PRINCIPLES

### 1 VOTING PRINCIPLES

In implementing the voting strategy described in point 6, Banca Generali and its Subsidiaries (hereafter referred to as the “Group”), in accordance with the Generali Group’s Active Ownership Group Guideline, take account of the principles illustrated in this Annex with regard to the following areas:

- shareholder rights;
- corporate bodies;
- remuneration;
- transparency and quality of financial and non-financial information;
- environmental risks and factors;
- social risks and factors;
- market-wide and systemic risks;
- special measures for small-sized and unlisted companies;
- related party transactions;
- consistency with engagement activities;
- other factors.


#### 1.2 KEY PRINCIPLES

##### Upholding shareholder rights

The Group voting principles emphasize the importance of providing adequate and timely disclosure of resolutions to shareholders for informed voting. The "one share, one vote" principle is supported, and deviations require transparent disclosure. The Group voting principles also address limitations on shareholder rights, such as holding virtual meetings, introducing shareholder proposals, and anti-takeover mechanisms.

##### Promoting Balanced Corporate Bodies

The Group’s voting principles prioritize balanced governance and director accountability in corporate bodies. Although the optimal level of independence depends on several circumstances, independent directors are considered crucial for board accountability, with their representation majority or at least one-third depending on circumstances. The Group’s voting principles also address employee representatives, professional skills, diversity, election methods, and director appointment duration. Board committees should have independent chairs and the existence of specialized committees to manage material sustainability factors and risks is positively evaluated. Disclosure of committee duties and membership is encouraged.

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## Ensuring Fair Remuneration Practices

The Group voting principles emphasize the importance of a remuneration policy aligned with industry best practices for investee companies. The policy should consider company performance, effective contributions by directors, and long-term value creation. It should align management's interests with shareholders' for sustainable growth and incorporate sustainability risks and non-financial criteria. Shareholder approval is required for changes to the policy. The remuneration structure should include fixed and variable components, with balanced variable pay promoting long-term performance.

## Transparency and Quality of Information

Investee companies should provide transparent and complete financial and non-financial information. The Group expects reports and statements to highlight the long-term strategy, prospects, and risks; the appointment of external auditors should consider their independence; dividend payout policies should be disclosed; the Group voting principles also highlight the importance of disclosure and alignment with shareholders' expectations.

## Addressing Sustainability Risk and Factors

Investee companies are expected to assess sustainability risks and disclose the results of this assessment, gradually integrating them into their business models and activities. In case of severe or systematic violations or lack of processes in these areas, the Group may refrain from supporting the reappointment of one or more directors.

## Managing Market-wide and Systemic Risks


The Group recognizes potential market-wide and systemic risks, such as interest rate changes, geopolitical issues, climate change, and pandemics. A case-by-case approach is promoted to support a long-term sustainable recovery and resilience of companies to changed conditions.

## Balancing Governance for Small and Unlisted Companies

The Group recognizes the differences between listed and unlisted companies, however it believes in promoting Corporate Governance and sustainability practices in unlisted companies. The principles are applied proportionally to avoid imposing excessive costs on small and unlisted companies. Transparency is crucial for shareholders to assess resolutions and alignment with strategic goals.

## Ensuring Fair Related Parties Transactions

Investee companies should have transparent procedures for related party transactions, supervised by an independent committee. Fairness and disclosure of relevant information are expected, and the Group considers the committee's opinion and transaction fairness when voting.

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## Aligning Voting with Engagement Results

When ongoing engagement fails or companies are insufficiently responsive to material topics, the Group may express disappointment by voting against management proposals or remuneration not aligned with sustainability targets. Dissenting votes are recorded, and productive engagement does not excuse deviating from ordinary voting behavior.

### Other factors

For the resolutions submitted to investors' vote and not directly falling within the scope of the Policy, the Group votes taking into account the existing circumstances, the rationale provided by the relevant company and/or investor(s) submitting the resolution, evaluating the possible risks and opportunities, the governance framework of the investee company, the availability of sufficient information, and the alignment with long-term investors' interests.