



GENERALI
INVESTMENTS

Generali Insurance Asset Management S.p.A.
Società di gestione del risparmio

ACTIVE OWNERSHIP REPORT

2021

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Introduction



Generali Insurance Asset Management S.p.A. Società di gestione del risparmio (GIAM) - as responsible investor - is deeply committed to promoting sustainability in investee issuers through proxy voting and engagement.

The last year has shown unprecedented investor commitment to ESG concerns and experts predict further strong pressure on climate action, while key pillars of COVID-19 recovery strategies, including worker rights, pressure on pay and diversity are also likely to be in the spotlight. Audit quality and dividends are also to be a focus for investors.

That's why it will be crucial that companies prepare suitably for their AGM, and identifying contentious issues in the first place and proactive shareholder engagement will be the key to avoiding investor dissent.

Moreover, as regulators and investors respond to ever growing concerns about the impact of sustainability issues on business, boards and their organisations are likely to face ever more demands for information.

Among the most significant engagement trends that have emerged in 2021 is "Say on Climate" resolutions and the push towards for real world impact in sustainable finance.

"Say on Climate", on the one hand, enables to the whole investor base and the proposing issuer to have a global view on the acceptance of the suggested climate strategy. On the other hand, it is difficult to evaluate a strategy with a black and white feedback, the interpretation of the results is not trivial (does a "No" means 'not enough' or "too much"), and it poses some issues to board accountability principles. The Exxon AGM, where we participated, has been an important milestone at this regard. The success of this investor led board member election campaign is the confirmation that shareholders are increasingly interested in board members with an energy transition profile. In addition, it opens a new avenue of dialogue with issuers on the profile of their board members and could answer the need expressed by investors to have their "say on climate".

Moreover, all over the world, in 2021, we have seen many investors, investors associations, consultants, influencers, regulators advocate and stand for more real-world impact. While in private markets, the impact of sustainable finance seems easier to measure, on listed market, this is another challenge. Most actors recognize here the added value of engagement. However, among all "impact criteria" additionality is the most difficult: how to demonstrate that there is a difference before and after the interactions with the issuer?

As the 2022 AGM season gets underway, investment managers will focus on these many challenges, aiming at generating more and more real-world impact, and, as usual, at being their views heard on a wide range of issues.

*Generally speaking, « Say on Climate » is a type of resolution where shareholders are asked to give their opinion on the climate strategy of the issuer

Livio Gentilucci
Head of Active Ownership
Generali Insurance Asset Management



Download the document "Generali Insurance Asset Management Engagement policy"

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About this report



The 2021 Active Ownership Report reflects the effort made during the 2021 calendar year on strengthening our approach to Stewardship. It provides information and performance data on the proxy voting and engagement activities performed during the last season.

The report focuses on actions GIAM has taken on the Governance issues that are most material to our business and our stakeholders and, in addition, it describes the way we interact with issuers to understand how they addressed ESG issues over time. It gives an overview on the implementation of the engagement policy including, inter alia, a general description of the voting behavior.

The document comprises two sections:

- Section one gives a brief presentation of our voting principles contained in the GIAM Engagement Policy and includes our proxy voting data with a description of the Most Significant Votes expressed in 2021.
- Section two covers engagement, exploring the different engagement strategies put into action in 2021.



Abbreviations and Acronyms

AGM	Annual General Meeting
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social and Governance
KPI	Key Performance Indicator
LTIP	Long-term Incentive Plan
TCFD	Task force on Climate-related Financial Disclosure



1. GIAM Engagement Policy

GIAM Engagement policy - [available online](#) - governs Active Ownership activities and its objective is to:

- comply with EU Shareholder Directive Rights II and its Italian implementing provisions;
- define the principles leading the engagement behavior also with regard to ESG topics;
- define main interactions, roles and responsibilities related to the GIAM engagement process.

This Policy content complies with the above-mentioned regulatory framework and includes how GIAM:

- monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance,
- conduct dialogues with investee companies,
- exercise voting rights and other rights attached to shares,
- cooperate with other shareholders,
- communicate with relevant stakeholders of the investee companies,
- manage actual and potential conflicts of interests in relation to their engagement.

This Policy contains the instructions on reporting of engagement activities mentioned above.

2. Voting



This section includes the overall aggregated data related to the voting activities performed by GIAM under the governance of the GIAM Engagement Policy on behalf of the (i) Collective Investments Schemes (CIS) set up and managed by GIAM (ii) CISs managed by GIAM for which there is a delegation agreement conferring the voting right to GIAM on a discretionary basis as well as (iii) the individual portfolios managed by GIAM for which the client conferred the voting right to GIAM on a discretionary basis.

All the votes we performed are considered “Significant Votes”. For the “Most Significant Votes”, please see paragraph 2.6.

Full list of “Significant Votes” is available in the **Annex I** attached to this document.

2.1 Main highlights for 2021



501 Meetings (187 in 2020)



18 Countries covered (15 in 2020)



7,233 Resolutions voted (2,811 in 2020)



12% Negative opinions* (12% in 2020)

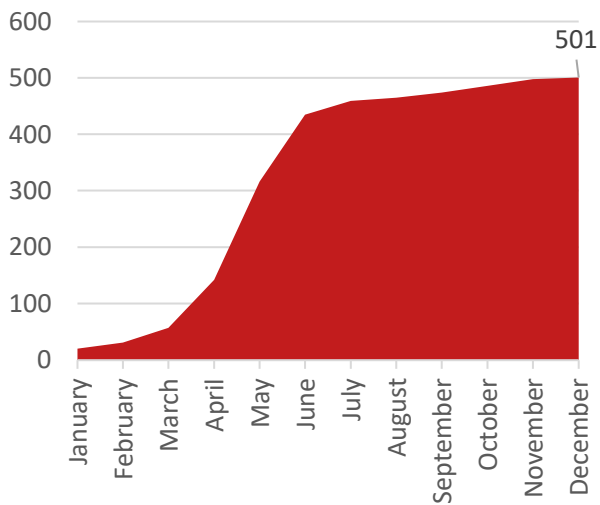
*Against votes



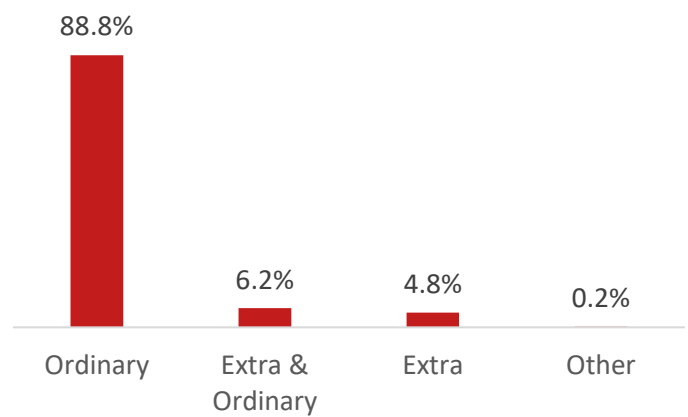
2.2 Overall proxy season

The figures are focused on shareholders meetings.

Cumulative votes per month

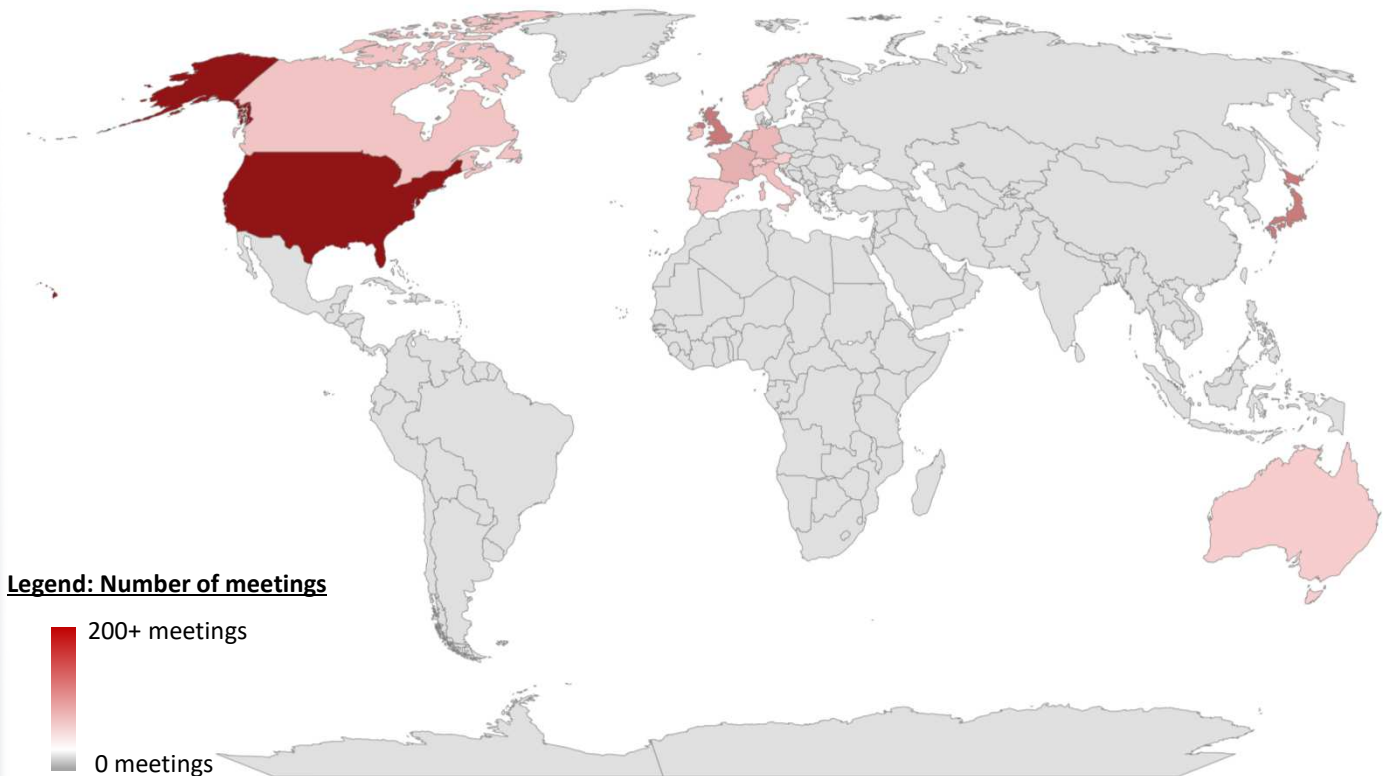


Meeting Types



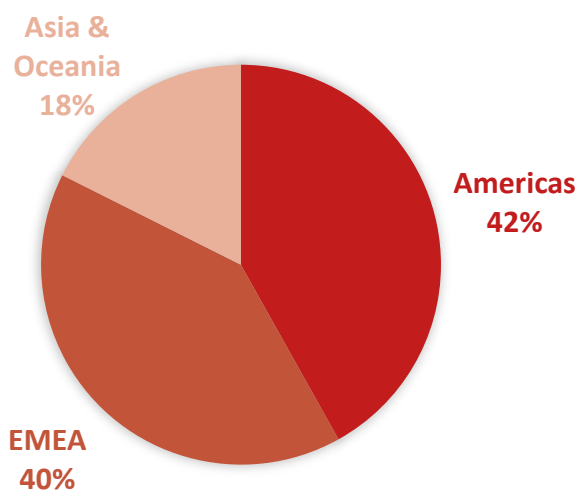


2.3 Meeting per country



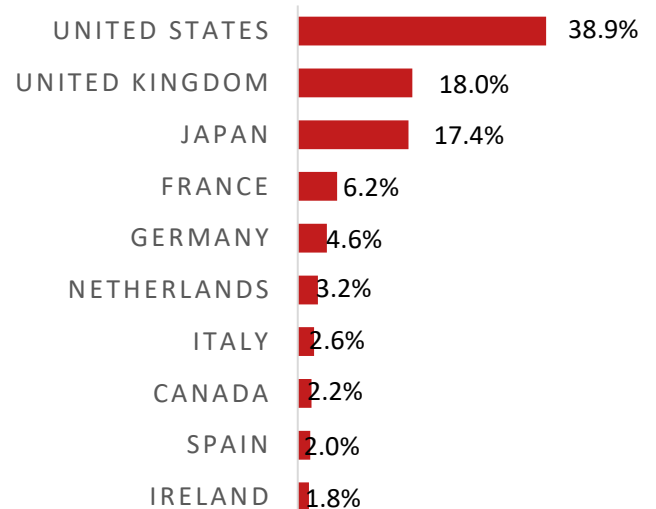
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Meetings by geographical area



Country breakdown

10 countries with the highest number of meetings

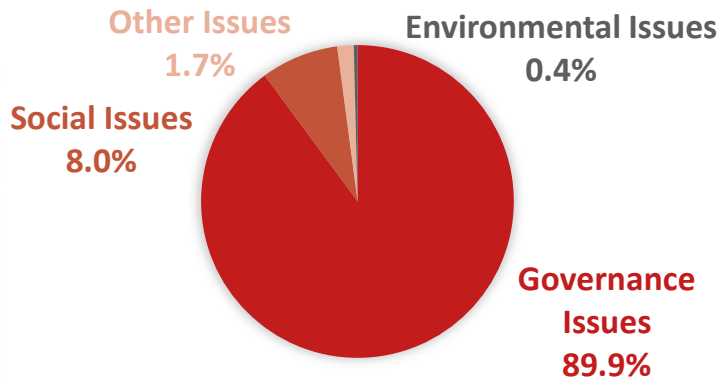




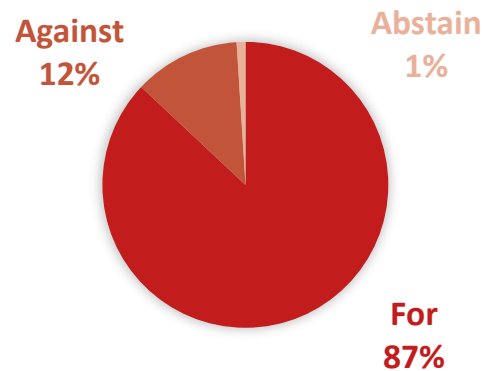
2.4 Voting at a glance

We voted **7,233** proposed resolutions

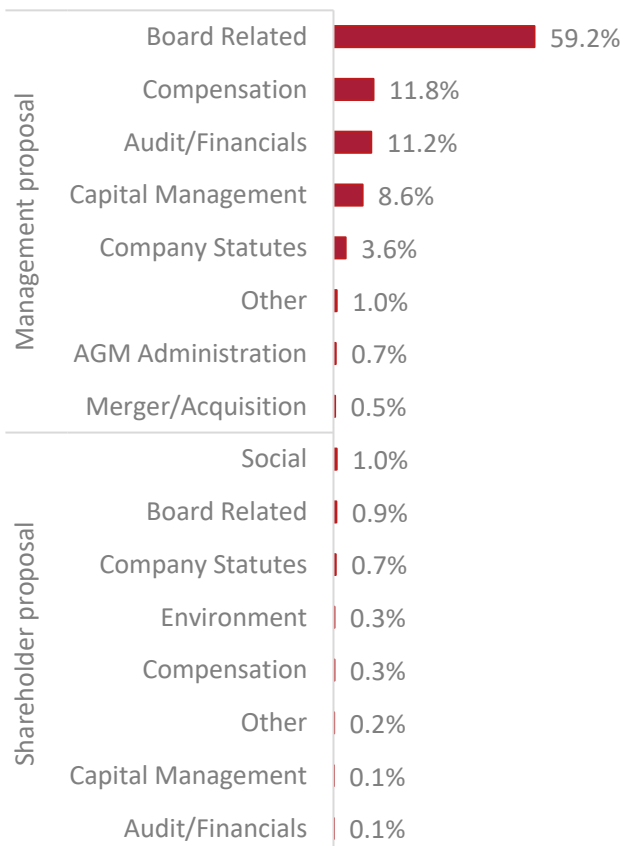
Breakdown of proposals by issues



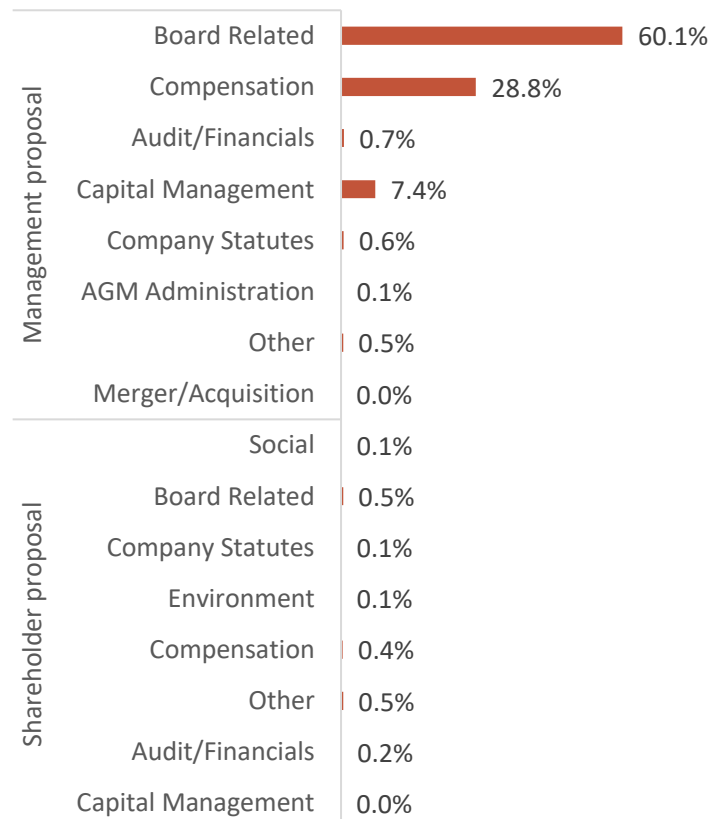
Breakdown by voting outcome



Proposal type distribution



Distribution of against votes



2.5 Focus on ESG shareholder's resolutions

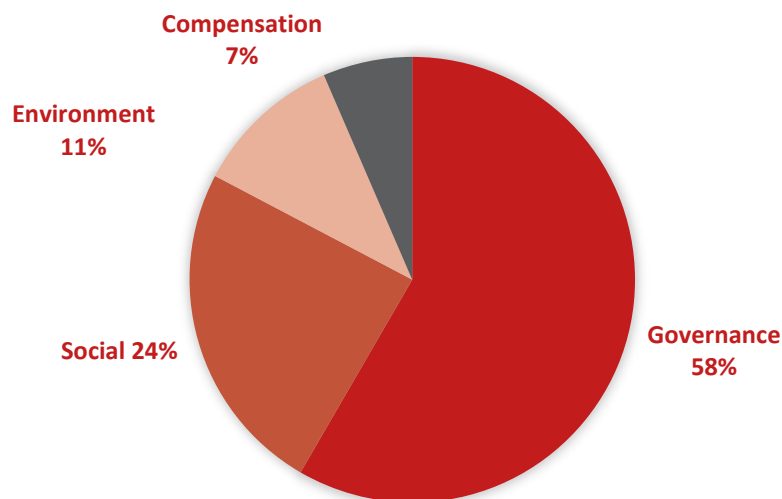


The integration of ESG topics into issuer's practice is something that is continuing to evolve representing a way for companies to interact with the wider society.

Boards need to be aware of human rights' issues or other social themes, and to have an appreciation of environmental impact of their activities and how to address them.

In this context we consider votes on shareholders' proposals as an effective way to suggest the need for a change in policies, disclosures or related ESG aspects of a company's business.

In this section are presented data related to key shareholders' proposals on ESG issues supported (185 in total).





2.6 Most Significant Votes

In this section, we highlight the Most Significant Votes performed this year, consistently with the approach adopted in 2020.

Relevance criteria for “Most Significant Votes”

In selecting “Most Significant Votes”, GIAM considers relevant the opposition to management proposal related to core principles of GIAM’s Engagement Policy and international best practices. This highlights how GIAM’s approach is aimed at enhancing Corporate Governance best practices within its investee companies. These principles underlying the selection of the most significant votes, were among the most recurring and material for Shareholders’ agenda.

- **Time Commitment of directors**

An excessive number of external directorships could have a negative impact on the quality of the board decision process. To ensure that board members have and dedicate enough time, to perform their functions and responsibilities to protect shareholders’ interest and have sufficient availability to deal with unexpected circumstances (such as acquisitions, mergers, takeover or a crisis), we did not support the election of directors due to an excessive time commitment.

- **Length of long-term performance period for compensation**

To ensure that remuneration plan are able to reflect Company’s overall health, avoiding to remunerate executives for temporary spikes in performances and in order to align the executives’ remuneration with the shareholders long-term interest, we oppose to remuneration resolution not having a performance period of at least three years.

- **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 to create long-term value or to ensure an effective accountability of the management towards shareholders. As such GIAM opposed to the strengthening of anti-takeover mechanisms as they are, in principle, detrimental to shareholders interest.

Full list of “**Most Significant Votes**” is available in the **Annex II** attached to this document.

2.7 Voting activities in the ESG integration process



GIAM as an asset manager, 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 behaviour vis-à-vis investee issuers relating to the collective and individual portfolios it manages. GIAM believes the vote in Annual General Meetings (AGMs) to be an essential tool in the path to maximise the value creation over the long term.

Voting process is based on all public available information, providers' analyses (e.g. Proxy Advisors, Brokers) and GIAM assessment framework. The latter is built to fully integrate the internal stakeholders' feedback into the voting decision process and aimed to take full advantage of internal resources and intelligence in order to boost best stewardship practices in the investee companies.

After the AGM, issuer's profile is update with all the material information evaluated during the voting process, e.g. remuneration practice, board composition, internal controls, M&A, ESG issues, and shared with internal teams.



2.8 Voting advisory services

Voting recommendations are based on the relevant GIAM policies and guidelines, integrating the GIAM ESG principles, relying on a dedicated internal voting specialists' team in charge of analyzing and rating companies through a deep and extensive governance analysis.

GIAM Active Ownership team is in charge of issuing voting recommendations, as well as of the performance of the instrumental activities to the exercise of the voting rights in compliance with the criteria set out by the applicable voting policies and guidelines.

Proxy voting research is provided by Glass Lewis, which provides also the availability of the electronic proxy voting platform. In addition, we integrate the research with portfolio managers and engagement specialists' inputs that we use to supplement our analysis and assessment on the whole perimeter.



3.1 Approach

In general, Engagement is considered by GIAM as a constructive dialogue with different goals: to reinforce the understanding of the investee companies, to share the concerns on ESG and finally making actionable suggestions aimed to resolve potential ESG issues.

The meetings with the company executives and directors are aimed to share a long-term orientation, with a constructive and results-oriented approach, and at understanding how companies have transformed their operating model to embed ESG principles across their organization.

In addition, when relevant, the cooperation with other investors who share the same concerns could take place in order to maximize the impact on the company engaged.

Further information about the engagement approach can be found in the Engagement Policy, [available online](#)



3.2 Engagement process

GIAM Engagement Committee, which takes place on a quarterly basis, is the body in which are defined the priorities related to the engagement activities.

Engagement Case

Each Engagement Case presented to the GIAM Engagement Committee is composed of different elements: risk identified, questions, suggestions, task force creation, strategy, status & results.

Engagement Execution

GIAM Active Ownership team is in charge for the engagement execution activities, including internal working group briefing, investee issuer interaction, assessment of the information provided by the investee issuer, issuance of recommendation, reporting.

During the execution, GIAM Active Ownership team reports to the GIAM Engagement Committee the ongoing actions and informs it about the external elements that could impact the Engagement Cases.

Engagement Monitoring

GIAM Engagement Committee evaluates the status of each Engagement Case presented depending on the initial goals defined.

Further information about the Engagement process can be found in the Engagement Policy, [available online](#)

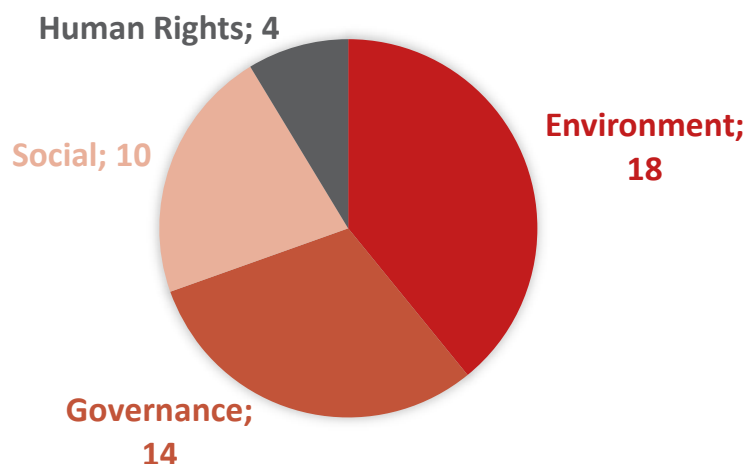


3.3 Engagement activities in 2021

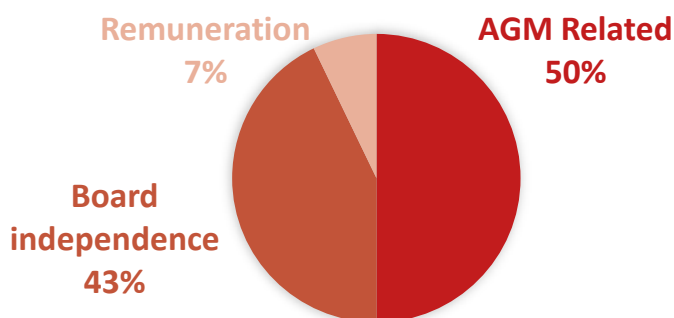
GIAM has performed 47 engagements activities in 2021.

The following graphs show the breakdown of our engagements by ESG topic and sub-topics.

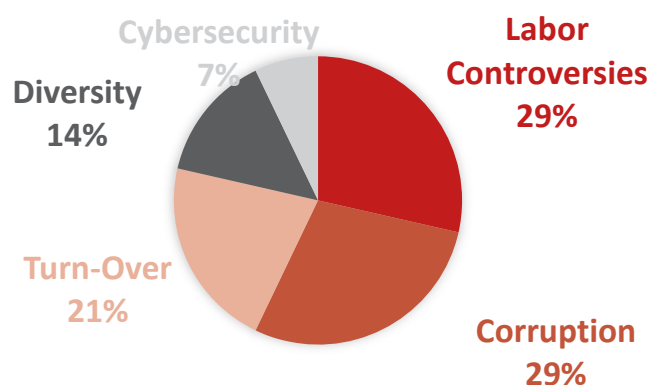
Breakdown by ESG Topic



Breakdown of governance engagements

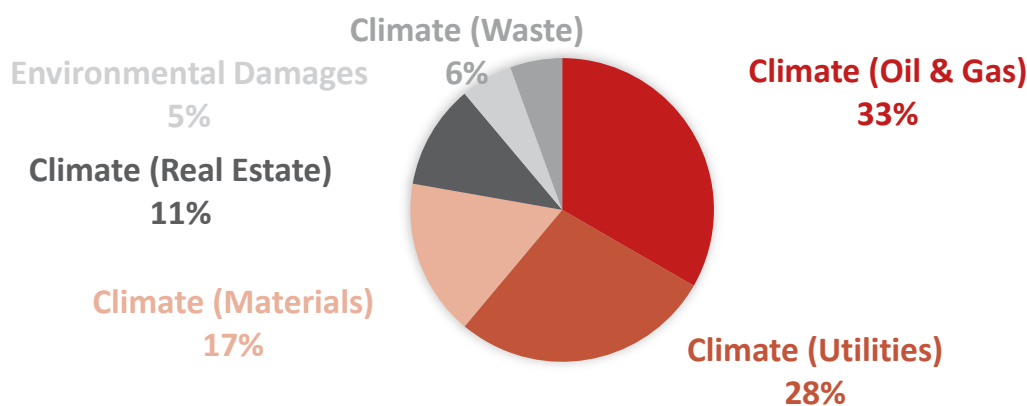


Breakdown of social and human rights engagements



In 2021, no collaborative engagements in the framework of minority lists in Italy has been undertaken for GIAM.

Breakdown of environmental engagements



Imprint

Head of Active Ownership

Livio Gentilucci (livio.gentilucci@generali-invest.com)

Active Ownership team

Francois Humbert – Engagement Lead Manager
(francois.humbert@generali-invest.com)

Laura Coppola (laura.coppola@generali-invest.com)

Roberta Cortesi (roberta.cortesi@generali-invest.com)

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and tables:

own calculations, 31st December 2021

In Italy:

Generali Insurance Asset Management S.p.A. Società di gestione del risparmio

Piazza Tre Torri, 1
20145 Milano, Italy

In France:

Generali Insurance Asset Management S.p.A. Società di gestione del risparmio

2, Rue Pillet-Will
75009 Paris Cedex 09, France

In Germany:

Generali Insurance Asset Management S.p.A. Società di gestione del risparmio

Tunisstraße 19-23
50667 Cologne, Germany

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www.generali-investments.com

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