

Sustainability Information (Disclosures)

Table of Contents

1.	Introduction	3
2.	Sustainability Factors	5
3.	Integration of Sustainability Risks in the Investment Decision-Making Process	6
4.	Reason for Not Considering the Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Statement on Adverse Impacts)	7
5.	Remuneration Policy	8

1. Introduction

The European Parliament and the Council adopted Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (hereinafter SFDR) on 27 November 2019, for the harmonization of disclosures and greater transparency in the inclusion of sustainability factors and consideration of the adverse impacts of investment decisions on sustainability factors. It came into effect on 29 December 2019, and was amended by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Europe has set itself the goal with the European Green Deal to become the first climate-neutral continent by 2050. The financial sector is expected to play a very important role in this, as foreseen in the European Commission's action plan for financing sustainable growth. Climate change and environmental degradation can cause significant material damage and severely affect the real economy and the financial system. In a broader context, Europe's efforts for sustainable development are also aligned with global goals. This is evidenced by the adoption of the 2030 Agenda for Sustainable Development by the United Nations General Assembly on 25 September 2015, which sets global sustainable development goals and thus supports European initiatives to achieve climate neutrality.

The Generali Group has defined a sustainability model based on two pillars:

- run a sustainable business focusing on excellence in internal business processes, and
- live the community, playing an active role where the Group operates, going beyond day-to-day business.

The Generali Group has specifically committed to ensuring that strategic decisions are made and implemented according to the following principles:

- multi-stakeholder approach, aimed at generating value for shareholders, for all those contributing to the realization of the Group's goals and for those who influence or are influenced by the choices or activities of the Group, including employees, clients, agents and other distributors, contractual partners, the financial community and the wider society, as well as the environment;
- long term perspective, generating value in the present without compromising the capabilities to create value in the future;
- continuous improvement and innovation, with the ambition of pursuing excellence and sustaining the systematic development of economic, environmental and social performances, and the reputation of the Group.

The Generali Group is a signatory to the United Nations Global Compact (2007), the Principles for Responsible Investment (2011), the Paris Pledges for Action (2015), and the Alliance for Carbon-Neutral Investment Portfolios (2020). In relation to the latter, it has adopted a Climate Change Strategy that expresses its direction towards transitioning to a low-carbon future and includes the exclusion of investments in companies that operate with thermal coal and tar sands, and a focus on green and sustainable investments. With this strategy, it has committed to decarbonizing its portfolio and becoming carbon-neutral by 2050, setting an interim goal of reducing its carbon footprint by 25% by 2024.

In line with these initiatives, the Generali Group incorporates environmental, social, and governance (ESG) criteria into its investment strategies. This enables the Group to positively impact stakeholders, reduce risks for investors, and protect its reputation. As early as 2006, it formalized its commitment to responsible investments and adopted its own ethical guidelines. In 2015, it further strengthened its commitment by establishing the Generali Group Responsible Investment Committee, which operates in accordance with the Responsible Investment Guidelines aimed at integrating sustainability factors into the investment decision-making process.

In 2020, the Generali Group published its Guidelines for Active Ownership, committing as an institutional investor to promoting sustainable changes through its investment activities. In 2023, it enhanced its approach by adopting and publishing the updated Generali Group Policy for Sustainable Development, which addresses the management of sustainable practices within the Group in more detail. Adherence to and implementation of these guidelines are also essential for achieving the long-term investment goals of Generali Investments, a management company (hereinafter 'Generali Investments' or 'the company'), while also being key to maintaining its competitiveness and high levels of business performance, employing top professionals, and providing long-term support to both the immediate and broader business environment, contributing to overall sustainable growth and visible, measurable impacts on the environment and society.

Generali Investments is aware of its mission as a responsible participant in the financial market, as investments have a significant impact on the economy and society. Considering the size, nature, and scope of its operations and the type and investment policy of the financial products it offers, the company includes sustainability aspects in its investment decision-making process, establishing a framework through which it can identify, assess, and manage risks and exploit opportunities associated with environmental, social, and governance factors of sustainability in line with the goal of fostering sustainable development of business activities and creating long-term value.

As a participant in the financial market, Generali Investments, therefore, based on the SFDR requirement to disclose specific information regarding its approaches to integrating sustainability risks and considering adverse impacts on sustainability, publishes the following disclosures:

- Information on the integration of sustainability risks into the investment decision-making process (as set out in Article 3 of the SFDR),
- Reasons for not considering the principal adverse impacts of investment decisions on sustainability factors (as set out in Article 4 of the SFDR), and
- Information on the consistency of the remuneration policy with the integration of sustainability risks (as set out in Article 5 of the SFDR).

This disclosure document is published on the company's website at www.generali-investments.si/dokumenti. Generali Investments will regularly, at least once a year, review it and, as necessary, adjust and update it according to current conditions.

2. Sustainability Factors

Sustainability factors are key in assessing sustainability risk. They encompass environmental and social matters, as well as issues related to employment, respect for human rights, anti-corruption, and anti-bribery. These factors are often referred to as ESG factors, derived from the English acronyms for 'environmental', 'social', and 'governance'. Generali Investments regularly reviews and updates the list of sustainability factors. The following are the most general:

Category of the Factor	Example of Factor
E- ENVIRONMENTAL	Aspects related to the quality and to the functioning of the environment and natural systems, including: greenhouse effect and climate change; the availability of natural resources, including energy and water; changes in the use of soil and urbanization; quality of the air, water and soil; the production and management of waste; the protection of natural habitats and biodiversity.
S- SOCIAL	Aspects related to the rights, well-being and legitimate interests of people and local communities, including: human rights, diversity and promotion of equal opportunities; demographical changes; occupation and the right to decent working conditions, including child and forced labor, as well as occupational health and safety; the distribution of wealth and inequalities within and among countries; migrations; education and human capital development; digital transformation, artificial intelligence, internet of things and robotics; health and access to social assistance and healthcare; consumer safety; power diffusion and the crisis of traditional intermediate bodies.
G- GOVERNANCE	Aspects related to government of the companies and organizations, including: transparency; ethics and integrity in business practices and compliance with laws; corruption; tax responsibility; board structure, independence and diversity; mechanisms to incentivize the management; shareholders and stakeholders rights, protection/distortion of competition.

3. Integration of Sustainability Risks in the Investment Decision-Making Process

Sustainability risk refers to an environmental, social, or governance event which, if it occurs, could have an actual or significant potential negative impact on the value of the financial instruments in which the assets of Generali Umbrella Fund with sub-funds, alternative investment funds, and assets of other clients under management are invested.

The scope and manner of addressing sustainability risks in investment decisions always depend on the commitments defined in the documents based on which Generali Investments manages clients' assets: these are management rules, prospectuses or offering documents of investment funds, and asset management contracts of other clients.

In managing sustainability risks, Generali Investments predominantly uses data, analyses, and the web portal of an external provider, which has one of the most extensive and in-depth databases of sustainability information (corporate and government) of financial instrument issuers.

In accordance with the commitments in the documents based on which the company manages the portfolios of investment fund products and other clients, the primary method used for managing sustainability risks is the exclusion method (of issuers), whereby investments in countries, sectors, or companies are limited based on selected sustainability criteria. Limitations and prohibitions on investing in financial instruments of individual issuers are an integral part of the investment decision-making process.

Already in the due diligence process of investments (before their acquisition) to manage risks, investments in companies from industries considered too risky from an environmental perspective (thermal coal and tar sands) or involved in activities that do not align with basic human values (controversial weapons) are excluded. In the process of assessing (potential) investments, companies that do not meet the basic principles of good governance practices defined in the UN Guiding Principles on Business and Human Rights and the UN Global Compact (prohibited or unethical conduct or direct or indirect involvement in serious violations of principles) are automatically excluded. Regarding sovereign issuers, countries issuing bonds that violate internationally accepted norms or engage in or promote terrorism, are involved in the use of weapons of mass destruction, do not respect basic human rights, and principles of democracy and rule of law, etc., are excluded. These are countries on UN and EU lists that are subject to trade and/or financial sanctions.

The procedure and principles of the exclusion method are described in the Investment Strategy document (ESG Integration Strategy), published on the websites www.generali-investments.si/dokumenti and www.generali-investments.si/skladi.

4. Reason for Not Considering the Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Statement on Adverse Impacts)

Although Generali Investments includes sustainability risks in its investment decisions, it does not yet consider the principal adverse impacts on sustainability factors, neither at the company level nor at the product level. The company assesses that the quality, extent, and availability of data, as well as the measurement of the principal adverse impacts in investments, have not yet reached the level that would enable a reliable and comprehensive assessment of these impacts. The company will include the consideration of principal adverse impacts of its investment decisions on sustainability factors depending on the development of methodology and good practice in this area. Nevertheless, it plans to start considering the principal adverse impacts (at the company level) by the end of 2024 and will publish its first Principal Adverse Impacts Statement based on the SFDR by mid 2025 at the latest.

5. Remuneration Policy

Sustainability commitments are a pillar of the Generali Group's business priorities and are included in the Generali Group's remuneration policy and in the incentive system related to long-term and sustainable value creation. The remuneration policy takes into account the integration of sustainability risks into the investment decision-making processes. Continuously improving the link between sustainability and remuneration is one of the primary objectives of the Generali Group.

The incentive system for executive staff in the Generali Group is based on a meritocratic approach and a multi-year scheme for monitoring objectives, combined with annual variable cash remunerations and their deferred payments, incorporating also strategic sustainability objectives based on the publicly presented Generali Strategy and Strategy for Achieving Climate Objectives. The incentive system thus stipulates that at least 15% of the annual variable cash remuneration of the executive management is linked to sustainability objectives and key performance indicators related to specific perspectives. The document "Information on the Details of the Remuneration Policy of Generali Investments d.o.o. dated 8 December 2023" is published at the [link](#).

Ljubljana, December 22, 2023

Generali Investments, družba za upravljanje, d.o.o.

Sašo Šmigić
Member of the Management Board

Melita Rajgelj Ozebek
President of the Management Board

 **GENERALI**
INVESTMENTS ⁷
Generali Investments,
družba za upravljanje, d.o.o.
Dunajska cesta 63, SI-1000 Ljubljana