

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**

Generali Investment SICAV – Euro Green Bond

**Legal entity identifier:**

549300ANXLBQ6ODJ8E78

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **75%** of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

This Sub-fund promotes environmental and social characteristics pursuant to Article 8 of the Regulation (EU) 2019/2088 pursuant to Article 8 of the Regulation (EU) 2019/2088 through applying a Responsible investment process.

The Investment Manager actively manages the Sub-fund and selects, an Environmental, Social and Governance (“**ESG**”) criteria selection process on at

least 90% of its portfolio, while investing 75% of its net assets in Green and Sustainable Bonds denominated in EUR, with an investment Grade Rating.

The Investment Manager will be applying an ESG process on an ongoing basis to select securities from the initial investment universe as defined by the Bloomberg MSCI Euro Green bond index , and to a lesser extent, the Euro-denominated Investment Grade corporate and sovereign debt, based on established Green Bond Principles and covering, among others, the use of proceeds for environmental projects, including but not limited to, alternative energy, energy efficiency, pollution prevention, sustainable water, green building, and climate adaptation (the “ **Initial Investment Universe**”).

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Sub-fund are:

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- Carbon intensity: the average score of the credit issuers compared to the Sub-fund's investment universe
- The sovereign warming potential: the average score of the government bonds compared to the Sub-fund's investment universe. The average ESG Rating of the Sub-fund and the ESG Rating of the Initial Investment Universe;
- The share of issuers within the portfolio with exposure to economic activities set out in the exclusions list;<sup>28</sup>
- The minimum percentage of the Sub-fund's investments allocated to environmentally and socially sustainable investments.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the Sub-fund partially intends to make include being linked to an environmental or social objective through the use of proceeds of the issuer, assessed via any individual or combination of the following indicators:

- The internal Green/Social/ Sustainability classification of the bonds (GSS bond);
- The revenues of the companies categorised ESG rating A and derived from sustainable impact solution or aligned with the European Taxonomy;
- The alignment of the company with a credible greenhouse gases emissions transition pathway. It is considered that the companies with relevant and credible greenhouse gases emissions reduction approved by the Science Based Targets initiative (SBTi) can meet the Sustainable investment criteria if they have already achieved a significant reduction of their scope 1 & 2 greenhouse gases intensity of 7% per year over the past three years, in line with the rate implied by the Paris agreement.

<sup>28</sup> More information regarding the exclusion list and the exclusions escalation process, can be found in the Sustainability Policy, available on the Manager's website as amended from time to time.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

In order to ensure that the sustainable investments do not cause significant harm to any environmental or social objective, those investments are subject to a screening process against the mandatory Principal Adverse Impacts and relevant optional Principal Adverse Impacts, as befitting each asset type, and as can be found, respectively, in Annex I Tables I, II and III of the European Commission delegated Regulation 2022/1288 ("PAIs"). PAIs are assessed in a quantitative or qualitative manner based on the Investment Manager's research.

The Investment Manager also applies a screen to align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as provided for under the Minimum Safeguards in the EU Taxonomy.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

As required by the regulation, the Principal Adverse Impact (PAI) indicators listed in Annex I of the European Commission delegated Regulation 2022/1288. Are the reference to be considered as described in the section above.

Further additional adverse sustainability indicators, such as indicators 9 and 22 (in relation to investments in companies producing chemical and non-cooperative tax as set out in the EU SFDR Regulatory Technical Standards (Table 2 and table 3 of Annex 1) are considered as part of the do no significant harm screen.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The norms-based exclusions as described below under "What investment strategy does this financial product follow?" seek alignment with these guidelines and principles. Third party data is used to identify violators and prohibit relevant investments in these issuers.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes, the Sub-fund considers principal adverse impacts (“PAIs”) on sustainability factors

The main focus is on the following PAIs with reference to Annex I of the Commission Delegated Regulation (EU) 2022/1288. Those indicators are considered and will be monitored continuously:

- Table 1, indicator 3 – GHG Intensity of investee companies: in addition to the monitoring of issuers’ GHG intensity, investments in companies who are involved in Coal activities are excluded.
- Table 1, indicator 10 – Violations of the UN Global Compact (“**UNGC**”) Principles and the Organisation for Economic Co-operation and Development (“**OECD**”) Guidelines for Multinational Enterprises: Through the application of the exclusion criteria, no investment can be made in companies where there are violations or serious suspicions of possible violations of the OECD Guiding Principles for Multinational Enterprises or the UNGC Principles.
- Table 1, indicator 14 – Exposure to controversial weapons: Investments in companies whose main turnover is generated by controversial weapons are excluded.

The number of PAIs considered by the Investment Manager may increase in future when the data and methodologies to measure those indicators will be mature. More information on how PAI are considered during the reference period will be made available in the periodic reporting of the Sub-fund.

☐ No



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager applies an Environmental, Social and Governance (“**ESG**”) criteria selection process on at least 90% of its portfolio on an ongoing basis, while investing 75% of its net assets in Green and Sustainable Bonds denominated in EUR, with an investment Grade Credit Rating.

“**Eligible Bonds**” are identified based on a proprietary process defined and applied by the Investment Manager relying mainly on the use of proceeds. The Investment Manager intends to actively manage the Sub-fund to fulfil its objective, selecting bonds with a measurable positive environmental and social performance, provided that the issuers follow good corporate governance practices.

The ESG criteria selection is articulated around 3 processes: the Ethical Filter (negative screening or “exclusions”), the Green Bonds’ selection and the ESG Scoring.

### Ethical Filter (negative screening or “exclusions”)

The issuers of securities in which the Sub-fund may invest within the Initial Investment Universe will be subject to the Investment Manager’s proprietary Ethical Filter, as per which issuers involved in any of the following will not be considered for investment:

- Production of weapons violating fundamental humanitarian principles (antipersonnel landmines, cluster bombs and nuclear weapons),
- Severe environmental damages;
- Serious or systematic violation of human rights;
- Cases of gross corruption;
- Significant involvement in coal-sector and tar sand-sector activities; and
- Exclusions defined by the International Labor Organization (ILO).

The Investment Manager will also exclude issuers when their controversy level is considered material, as determined by reference to an external ESG data provider that evaluates companies' roles in controversies and incidents linked to a wide array of ESG issues.

The above filter will apply to all issuers of bonds, convertible bonds and reference obligations underlying single name CDSs.

Green bonds' selection and ESG Scoring (positive screening)

The Green and Sustainable Bonds denominated in Euro and with an Investment Grade Credit Rating will be selected from the Initial Investment Universe". Only projects belonging to the following categories are eligible:

- renewable energy;
- energy efficiency;
- pollution prevention and control;
- sustainable management of living natural resources;
- terrestrial and aquatic biodiversity conservation;
- clean transportation;
- sustainable water management;
- climate change adaptation;
- eco-efficient products, production technologies and processes
- Green buildings

Securities will be selected within the relevant and eligible asset classes described in the investment policy, taking into account the portfolio's average ESG ratings.

To that end, the Investment Manager will analyse and monitor the ESG profile of securities' issuers using ESG scores sourced from an external ESG data provider. Accordingly, within the Initial Investment Universe – and after the ethical filter screening process – issuers will be analysed by the Investment Manager according to their overall average ESG score assigned to them by the external ESG data provider based on the rating of environmental, social and governance risks, relying on several indicators, including but not limited to carbon footprint, absenteeism rate, and percentage of women in the board.

The average carbon intensity of the corporate issuers shall constantly be better than the average carbon intensity of its Initial Investment Universe.

The average sovereign warming potential score of the government bonds will be consistently lower than the average sovereign warming potential score of its investment universe.

Engagement and active ownership:

In addition, the Investment Manager engages in active shareholder participation based on voting and engagement, activities that contribute to risk mitigation and the creation of value for their investors and that define the pillars that guide engagement and monitoring behavior towards investee issuers from portfolios under collective management. In particular, the Investment manager has adopted an Engagement Policy – in compliance with the provisions of the Directive (EU) 2017/828 of the Parliament European Union and of the Council, as implemented by the consolidated law on finance relating to the policies of commitment to institutional investors – taking into consideration the best practices from the standards international, defines the principles, the active management activities and the responsibilities of the investment Manager.

In this regard, the Investment Manager: (i) will monitor the issuing companies in the portfolio, (ii) will commit these latest in financial and non-financial matters including ESG matters and (iii) will vote at shareholders' meetings for the diffusion of best practices in terms of governance, professional ethics, social cohesion, protection of the environment and digitalization.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding element are the application of Ethical Filter (negative screening or “exclusions”), the Green Bonds’ selection and the ESG Scoring (positive screening).

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

N/A

- **What is the policy to assess good governance practices of the investee companies?**

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Sub-fund promotes environmental and social characteristics, provided that the issuers follow good corporate governance practices, through the application of:

- Exclusion rules based on involvement in severe controversies, in particular related to corruption, fraud, money laundering and other labor rights-related topics and human rights;
- Proprietary Ethical Filter.

Furthermore, as part of the Engagement and active ownership efforts, the Investment Manager will vote at shareholders’ meetings for the diffusion of best practices in terms of governance, professional ethics.

**Asset allocation** describes the share of investments in specific assets.

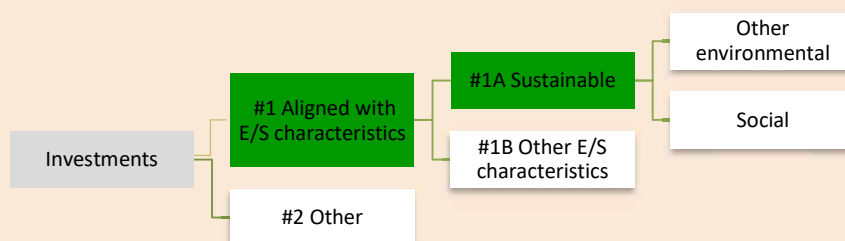


#### **What is the asset allocation planned for this financial product?**

Under normal market conditions, a minimum of 90% of the Sub-fund’s net assets will be invested in securities, following a Responsible investment process, to achieve alignment with E/S characteristics promoted by the Sub-fund (#1 Aligned with E/S characteristics).

Furthermore, a minimum of least 75% of the net assets of the Fund are invested in sustainable investments of which at least 1% are with an environmental objective, and at least 1% are with a social objective).

The remaining 10% of the Sub-fund’s net assets will be invested in other instruments as further described in the question: “*What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?*” (#2 Other).



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee



The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

When derivatives are used for the purpose of gaining exposures to single issuers and/or for hedging purposes with a single underlying issuer, the E/S characteristics are then attained by applying the Ethical Filter (negative screening or “exclusions”) and the ESG Scoring (positive screening) to the underlying single issuers on a look through basis. When the derivative financial instruments used do not involve exposures/hedging to single issuers, then such instruments will not be used to attain the E/S characteristics of the Sub-fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-fund does not currently commit to invest in any “sustainable investment” within the meaning of the EU Taxonomy. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>29</sup>?***

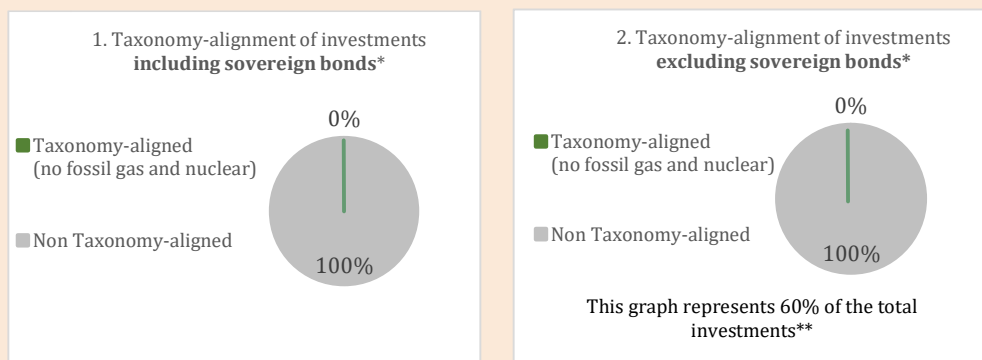
☐ Yes:

☐ In fossil gas      ☐ In nuclear energy

☒ No

<sup>29</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds




\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

\*\* This percentage is purely indicative and may vary.

### ● What is the minimum share of investments in transitional and enabling activities?

As the Sub-fund does not commit to invest any "sustainable investment" within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-fund commits to a minimum 1% of sustainable investments with an environmental objective aligned with SFDR. These investments could be aligned with the EU Taxonomy, but the Investment Manager is not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised.



### What is the minimum share of socially sustainable investments?

The Sub-fund will make a minimal commitment regarding a minimum share of investments in sustainable investments with a social objective (at least 1%).



### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "other" investments and/or holdings of the Sub-fund are comprised, directly or indirectly, of securities whose issuers did not meet the ESG criteria described above to qualify as exhibiting positive environmental or social characteristics.



This includes (i) Ancillary Liquid Assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets or for a period of time strictly necessary in case of unfavourable market conditions, and (ii) cash equivalents (i.e., bank deposits, Money Market Instruments, money market fund), pursuant to the Sub-fund Investment Policy, and (iii) UCITS or UCIs compliant with the provisions set out in Article 41 (1) e) of the UCI Law.

No minimum environmental or social safeguards are applied to these investments.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[https://gipcdp.generalcloud.net/static/documents/GIS\\_Euro\\_Green\\_Bond\\_Art10\\_Website\\_disclosures\\_EN.pdf](https://gipcdp.generalcloud.net/static/documents/GIS_Euro_Green_Bond_Art10_Website_disclosures_EN.pdf)