Statement on principal adverse impact of investment decisions on sustainability factors

Implementation of Regulation (EU) 2019/2088 Art. 4

Nysz.: 24508

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1. Introduction

According to the Article 4 of the Reg. EU 2019/2088 ("Sustainable Finance Disclosure Regulation" or "SFDR") and the Articles from 4 to 10 of Del. Reg. EU 2022/1288 supplementing Reg. EU 2019/2088 (RTS), Assicurazioni Generali S.p.A. publishes this statement on due diligence policies with respect to the principal adverse impacts of investment decisions on sustainability factors[1] (hereinafter also referred to as the "Principal Adverse Impacts (PAI) Statement" or the "Statement" that includes:

- information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;
- a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;
- brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable;
- a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.

[1] Art. 2 (24) Reg. EU 2019/2088 'sustainability factors' mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

2. Statement on principal adverse impacts of investment decisions on sustainability factors

2.1. SUMMARY

Generali Biztosító Zrt. considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Assicurazioni Generali S.p.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

Assicurazioni Generali S.p.A. is the ultimate Italian parent undertaking of the Generali Group. Belonging to the Generali Group means also being involved in the several initiatives signed by the Group and committed to the common goals to pursue sustainable success including all the insurance and reinsurance activities.

Principal Adverse Impacts (PAIs) should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors.

Assicurazioni Generali S.p.A. has taken effort to evaluate the principal adverse impacts on sustainability factors in its portfolio and integrates their management in the investment decision according to the policies outlined and referenced in this document, consistently with the Generali Group's approach to sustainability.

Assicurazioni Generali S.p.A. has taken actions and planned next steps to address the PAIs in the investment process, as detailed in chapter 2.2. In particular, since climate change is a topic of key relevance for the Group (both in terms of possible adverse impact that we have through our investment choices as well as in terms of climate risk our investments are exposed to), through the Group Strategy on Climate Change , Assicurazioni Generali S.p.A. defined and took actions to promote a fair and socially just transition to a net-zero Greenhouse Gasses Emission (GHG) economy. The measure and the strategies put in place allowed to address the monitoring and management of both GHG emissions of investee companies and of the variables directly impacting the carbon emissions, such as the fossil fuels / non-renewable energy production and consumption (PAI indicators from 1 to 5).

A summary of all the PAI indicators considered by Assicurazioni Generali S.p.A. is presented in the table below, which includes the mandatory PAIs indicators, and the additional ones identified by Assicurazioni Generali S.p.A, as well as a summary of the sources used for the data employed in the calculation.

Indicator applicable to	Table[3]	Number	Adverse sustainability indicator	Data source
Investee Companies	1	1	GHG emissions	External data provider[4]
	1	2	Carbon footprint	External data provider
	1	3	GHG intensity of investee companies	External data provider
	1	4	Exposure to companies active in the fossil fuel sector	External data provider
	1	5	Share of non-renewable energy consumption and production	External data provider
	1	6	Energy consumption intensity per high impact climate sector	External data provider
	1	7	Activities negatively affecting biodiversity-sensitive areas	External data provider
	1	8	Emissions to water	External data provider
	1	9	Hazardous waste and radioactive waste ratio	External data provider
	1	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	External data provider; Generali internal analysis
	1	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	External data provider
	1	12	Unadjusted gender pay gap	External data provider
	1	13	Board gender diversity	External data provider
	1	14	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	External data provider; Generali internal analysis
	2	4	Investments in companies without carbon emission reduction initiatives	External data provider

2 https://www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate
3 Table 1 refers to mandatory PAIs, Table 2 and 3 refer to additional PAIs.
4 The main external provider used is MSCI ESG.

Indicator applicable to	Table[3]	Number	Adverse sustainability indicator	Data source
Sovereigns and supranationals	1	15	GHG intensity of investee countries	External data provider
	1	16	Number of investee countries subject to so-cial violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and con-ventions, United Nations principles and, where applicable, national law.	External data provider; Generali internal analysis
	3	22	Non-cooperative tax jurisdictions	External data provider
Real estate assets	1	17	Exposure to fossil fuels through real estate assets	Generali Real Estate
	1	18	Exposure to energy-inefficient real estate assets	Generali Real Estate

We set up a PAI reporting solution that fulfills to the best of our understanding the requirements currently expressed by the regulation, taking into account the limitations encountered such as data availability and regulatory interpretation topics, as well the reliance on external providers both in terms of data and reporting solutions.

The scope of this report includes direct investments and indirect investments in the General Account portfolio of the Group In-surance Company. Indirect investments have been introduced in the PAI calculation for the first time this year, through a best effort approach leveraging on the reporting solution and methodology applied by the data provider (MSCI). Unit linked portfolios remain out of scope of this report. As Generali, we are always in the process of evaluating the best reporting solutions and pro-cesses to increase coverage, scope and data quality of the SFDR reporting.

The comparison between the 2022 and the 2023 PAI results (displayed in section "2.2. Description of principal adverse impacts on sustainability factors") is influenced by the above-mentioned change in scope of the reporting, as well as methodological changes occurred during 2023 in the calculation of the PAIs by the data provider. For a detailed explanation of the factors in-volved, and the limitations thereof, refer to section "Data sources, scope and overall limitations for the principal adverse impact figures disclosed" and section "2.6 Historical comparison".

2.2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1.GHG emissions	Scope 1 GHG emissions	1051,93	191.95	Sum of portfolio companies' Carbon Emissions – Scope 1, 2 and 3 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	Generali Group is committed to p social dimension into the climate climate change. In such context, the Group Strate (https://www.generali.com/our-r defines decisions and actions tal zero Greenhouse Gasses Emissio Group, address the monitoring ar the variables directly impacting t production and consumption, thr To drive the transition to a low-ca environmental targets by adherin (https://www.unepfi.org/net-zero The Group commits to transitioni consistent with a maximum temp into account the best available sc establishing intermediate targets For the Corporate (Equity and Fix 25% of GHG emissions by YE202 covers scope 1 emissions (direct emissions from energy purchase scope 3 emis-sions in the target improve data quality, define meth In order to pursue its commitmen decisions a combination of speci – **Negative screening:** by def on climate change, with spe from Generali investments c countries and 2040 in the re – **Positive Screening / ESG I** allocation also climate-relat decarbonization path. – **Sustainable Investments:** to invest 8.5 to 9.5 bln € in c financing the transition to a
		Scope 2 GHG emissions	171.18	21.24		
		Scope 3 GHG emissions	8896,61	2073.98		
		Total GHG emissions	10209,08	2287.17	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
	2. Carbon footprint	Carbon footprint	256.25	93	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	

[5] Extended explanation of the principal adverse impact indicator, including unit of measure of reference.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
	3. GHG intensity of investee companies	GHG intensity of investee companies	670.27	474.61	The portfolio's weighted av-erage of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	– **Active Ownership:** (i) by se which represents the highes by 2050 (ii) by keeping the votes to hold companies acc climate change or support c our networks and affiliations ship Report 2023 of Genera Further action planned to pursue – **Voting:** Generali Group impr by introducing specific princ (say on climate) based on th Group principles are suppor advisory vote on climate pla
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.25%	0.78%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related ac-tivities, including extrac-tion, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy con-sumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	81.15%	69.87%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	
	6. Energy consumption intensity per high impact climate sector	**Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector:**	–	–	–	Generali Group integrates energy environmental performance com – **Negative screening / Posit** utilities, energy consumptio Group in the investment pro which are laggards on ESG portfolio construction (positi The energy consumption of inves investment portfolio and influenc consumption is the driver for a c the scope 2 carbon emissions co companies is an indicator to be r of that sector on Group decarbon

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
		NACE Code A (Agriculture, Forestry and Fishing)	0.39	n.a.	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within their respective NACE	
		NACE Code B (Mining and Quarrying)	2.65	n.a.		
		NACE Code C (Manufacturing)	0.45	0.28		
		NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	6.26	n.a.		
		NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	1.12	n.a.		
		NACE Code F (Construction)	0.17	n.a.		
		NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.16	n.a.		
		NACE Code H (Transportation and Storage)	2.70	n.a.		
		NACE Code L (Real estate activities)	0.03	n.a.		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	3.87%	0.00%	Share of investments in investee companies with sites/operations located in or near biodiversity sensitive areas where its activities could potentially negatively affect local biodiversity.	– **Negative screening:** Gener environmental damages, wh the biodiversity of sensitive and extensive impact on bio (laggards) versus sector pee applied for portfolio screenin and controversies, especiall sensitive areas (such as ene – **Active Ownership:** (i) in 20 risk of its investment portfol versies, to encourage them component of variable remu on biodiversity, to request co factors (as well as to disclos place and the results achiev systematic violations or lack voting principles with conte use votes to hold companies areas. (iii) Further, Generali h networks and affiliations. Fo Report 2023 of Generali Gro

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
						Further action planned on biodive – **Active Ownership:** During 2 addressing biodiversity risk on biodiversity controversies in collective initiatives such engagement activity, fosteri stakeholders. At the end of 2 collectively during 2024, aft available and Generali reque us, some have been selecte Action 100, but also due to s
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.30	N/A	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	– **Negative screening:** Gener applying ESG ratings in the applied take in consideratio also key topics such as wat resources and reduce enviro to toxic emissions, including and the local communities. may be excluded from Grou controversies.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	0.60	0.76	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	The topic of waste is integrated i – **Negative screening:** Gener applying ESG ratings in the rating applied take in consid chemicals, utilities) also key management of any hazardo controversies or malpractice may be excluded from Grou controversies.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0.18%	0.00%	Share of investment in corporate issuers' involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises, according to Generali Group Negative Screening methodology.	The violations of principles such approaches applied by Generali: – **Negative screening** : in line companies involved in sever damages and corruption. Co identified through ESG data materiality basis) and if con ESG controversies are also accou issues in the company's ESG fran See the "Integration of Sustainab the full view on the Group exclus – **Active Ownership:** (i) engag show potential for a drift tow managers within the contex to voting principles aligned w Multinational Companies, to and employee matters. For e Report 2023 of Generali Gro Further actions planned are: – **Active Ownership**: During 2 with the aim of joining a refe issues. This initiative should companies collectively on e
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0.31%	21.62%	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	– **Negative screening:** as me in severe ESG controversies international standards. In c is evaluated both for its acti such incidents. The quality o standards are also a key co with insufficient or ineffectiv which may result in the excl – **Active Ownership:** (i) engag show potential for a drift tow managers within the contex to voting principles aligned w Multinational Companies, to and employee matters. For e Report 2023 of Generali Gro Further actions planned are: – **Active Ownership:** During 2 with the aim of joining a refe issues. This will allow the Gr collectively on emergent iss

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		Metric	Inpact [2023]	Inpact [2022]	Explanation[5]	Actions taken, and actions pla
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	39.57%	17.69%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	– **Negative screening:** the to companies, where it contrib policies. Companies with ins rating (ESG laggards), which – **Active Ownership:** (i) Gene available in-formation, could on the key topics of gender across organizations; (ii) alig commitments and use votes and pay practices. For detai 2023 of Generali Group. Main actions planned are: – **Active Ownership:** During with the aim of participating
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.46%	39.70%	The portfolio holdings' weighted average of the percentage of board members who are female.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.00%	Share of investments in investee companies involved in the manufacture or selling of controversial weapons according to Generali Group Negative Screening methodology.	– **Negative screening:** Gener armament and weapons tha use (clus-ter bombs, landmi nuclear weapons in violation commitments as well as rel See the "Integration of Sustainab the full view on the Group exclus – **Active Ownership:** General voting prin-ciples on social a to request companies to car to disclose the results of suc achieved) and to hold respo lack of processes and comp commitments. For detailed i Generali Group. Main actions planned are: – **Active Ownership (Voting)** initiatives with the aim of jo and social issues, possibly i This initiative should allow t collectively on emergent iss

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions plar
Environmental	15. GHG intensity	GHG intensity of investee countries	398.56	447.64	A portfólió súlyozott átlaga a szuverén kibocsátók üvegházhatásúgáz-kibocsátási intenzitása (Scope 1, 2 és 3 kibocsátás/millió EUR GDP).	A Generali elkötelezte magát ame portfólió tekintetében (beleértve a kibocsátását is figyelembe veszik csoport befektetési döntéseiben a való kizáráshoz vezethet, amenny
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0.00%	0.00%	The portfolio's number of unique Sovereign Issuers involved in social violations as assessed according to Generali Group negative screening methodology.	**Negative screening:** Generali's e – Compliance / norm-based ex and norms on money launde – issuers presenting very seve Environmental issues (defore Governance issues (corruptio – In addition, the Group exclud takes into account the use o of the country. Investments i international sanctions (US; I See the "Integration of Sustainab the full view on the Group exclusi
					The portfolio's percentage of unique Sovereign Issuers involved in social violations according to Generali Group negative screening methodology.	

AZ INGATLANVAGYONBA TÖRTÉNŐ BEFEKTETÉSEKRE VONATKOZÓ MUTATÓK						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.00%	0.00%	Share of investments expressed in market value.	Generali is committed to impl target to reach net zero emiss Estate investments. Additiona alignment of at least 30% of t °C , according to CRREM (Car Through Generali Real Estate, a specific framework and acti due diligence for acquisitions, engagement of tenants also t and actions, see (https://www With regard to the PAI 17: Ger buildings, so the exposure to aforementioned sustainability exposure is taken into accour With regard to PAI 18: the afo towards the trajectory of 1.5° understanding the peculiaritie this scope, since 2022 an imp aim of aligning these properti sustainability ambitions. Curre Bn (EUR) at Group level and w on the short-term (2025), mid reducing emissions and impro upgrading systems, changes As regards the methodology f Performance Certificate) non- construction or renovation du buildings with a time of use o agricultural buildings; residen four months; stand-alone buil Some other assumptions were – The assets for which info – The Energy Efficiency of have EPC classes, but on Benchmark: if the PED is energy efficient. – The Energy Efficiency of of PED values. If the aver considered energy efficie
Energy efficiency	18. Exposure to energyinefficient real estate assets	Share of investments in energy-inefficient real estate assets	100.00%	88.87%	Share of investments expressed in market value.	

Table 2 – Additional climate and other environment-related indicators

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES						
Adverse sustainability indicator		**Metric**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and act**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	19. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	50.04%	20.47%	The percentage of the portfolio's market value exposed to issuers without a carbon emis-sions reduction target aligned with the Paris Agreement.	The Group commitment Net Zero Asset Owner Al net-zero GHG emissions above pre-industrial tem portfolio, the Group set c YE2024 (compared to YE companies are a key co reduction initiatives will relevant for carbon inten Group is gradually introd consideration to assess particular, the climate ta Group both for negative Moreover, for what conc engagement targets by Y GHG emissions to influe Group voting practices a accountable when they a support climate change and affiliations. For deta 2023 of Generali Group.

Table 3 – Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS						
Adverse sustainability indicator		**Metric**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions**
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Governance	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0.00%	0.00%	The percentage of the portfolio's market value exposed to issuers' domiciled in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes.	– **Negative screening:** Th investments in countries money laundering, finan of non-cooperative juris run-off. See the "Integration of Susta for the full view on the Group

2.3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Policies to identify and prioritize principal adverse impacts on sustainability factors

Sustainability is the originator of Generali strategy, shaping the way the decisions are taken and leading Generali to be a generative and impact-driven Group, able to create shared value.

The Group aims to deliver a positive social and environmental impact on stakeholders by integrating sustainability in core business and processes.

To ensure the full implementation of its sustainability strategy, the Group periodically conducts a materiality assessment to identify the relevant sustainability factors that can significantly influence the Group's value creation (financial perspective) and/or can generate significant impacts on people or the environment (impact perspective). Identified Sustainability Factors are proposed as key drivers for Group business and sustainability strategy.

Group Insurance Companies' investments play a central role in shaping and implementing the Group strategy, including specific sustainability goals.

To this extent, the Group:

- duly considers and incorporates in the investment strategy relevant sustainability factors[6]:
    - o which have been identified as material to the Group's strategy according to the materiality assessment.
    - o which can expose the Group to material sustainability risk[7];
    - o for which the Group committed to manage potential negative impacts generated by its investment decisions.
    - o driving investment opportunities by integrating specific sustainable investment objectives with financial objectives and targets;
- defined a framework for the Integration of the above-mentioned sustainability factors into Investments (hereafter the "Framework") that, through the implementation of specific ESG incorporation approaches, enables Group Insurance Companies to manage related principal adverse impacts (for the PAI indicators prioritized please refer to par. 2.5).

The Framework has been internally formalized through the Investment Governance Group Policy and the Integration of Sustainability into Investments and Active Ownership Group Guideline (previously Responsible Investment Group Guideline) that contain all the methodological approaches defined in 2022 by the Group.

Governance

The Group has established an integrated governance permeating all the organizational levels in order to ensure the definition, implementation and monitoring of the Framework.

- The **Board of Directors** approved:
    - – in July 2023 the Sustainability Group Policy, defining the framework to identify, evaluate and manage the risks and opportunities related to Environmental, Social and Governance factors ("ESG factors") in coherence with its goal to foster the sustainable development of business activities and generate value lasting over time;
    - – in April 2024 the Investment Governance Group Policy, defining the principles to proactively integrate sustainability factors into the investment process across asset classes, supporting the achievement of both financial returns and social good.
- The **Group CEO** approved in May 2023 the updated Integration of Sustainability into Investments and Active Owner-ship Group Guideline, formalizing the Framework (all the methodological approaches, objectives, and targets for inte-grating sustainability into investments) defined by the General Manager.
- The **Group Responsible Investment Committee** (Group Chief Investment Officer, Group Chief Risk Officer, Head of Group Chief Sustainability Officer, Group Chief Financial Officer), set up at Group Head Office level, has an advisory role towards the General Manager on the decisions regarding guidelines, objective and target related to the Framework and supervising their implementation.
- The **Group Chief Investment Officer** is accountable for the implementation of the Framework according to objectives and targets defined by the General Manager and for its supervision.
- At Legal Entity level, each **LocalChief Investment Officer** is accountable for the implementation of the Framework and to transpose it into the Investment Mandate Agreements with delegated Asset Managers.

Framework for direct investments

The Framework for the management principal adverse impacts related to direct investments envisages the following approaches to be applied stand-alone o in combination, based on the different portfolios and asset classes managed:

1. negative screening;
2. positive screening;

[6] The incorporation of sustainability factors in the investment process is based on different elements, such as data availability and quality, ESG research and analysis to inform the decision investment process, the use of solid and largely acknowledged methodologies and instruments, the assessments of the impact on the financial risk/return profile of the portfolios, and the applicable reference regulation.

[7] Art. 2 (22) Reg. EU 2019/2088 'sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

3. ESG integration;
4. sustainable investments;
5. active ownership (proxy voting and engagement).

1. The Group identifies and mitigates principal adverse impacts mainly through the application of the negative screening approach, whose application is mandatory for General Account portfolios the Group. The negative screening approach aims at excluding from the Group's investable universe those issuers, sectors or activities with poor ESG practices or not aligned with the Group climate strategy that could potentially impact on their long-term financial performance and/or expose the Group to higher sustainability and reputational risks. Moreover, the exclusion of specific activities/sectors/issuers that have a negative impact on the environment and society, allows the Group to reduce and mitigate adverse impacts on sustainability factors.

   The negative screening approach envisages the following types of exclusion:
   - controversies exclusion for corporate and sovereign issuers, which takes into account the severity of the controversy and the impact on society and environment;
   - exclusion of ESG laggards[8] for corporate and sovereign issuers, leveraging on ESG rating assigned to issuer on the basis of relevant ESG indicators, including any adverse impact indicators applicable;
   - sector and controversial activity exclusion for corporate issuers, specifically
     - coal sector exclusion for corporate issuers.
     - unconventional oil & gas: fracking, artic and tar sands sector exclusion for corporate issuers.
     - unconventional weapons exclusion for corporate issuers.

   2. 3. 4. 5. As additional layers to mitigate principal adverse impacts, the Group defined the following approaches
   - Positive screening: the application of filters to a universe of securities, issuers, investments, sectors or other financial instruments, allows to the Group to invest in issuers or projects selected also for their positive ESG performance[9] relative to peers across different criteria (e.g. industry, sector, geography, regions, business activities and practices, product and services etc.) with a best-in-class, best-in-universe, and/or best-effort approach deriving from the ESG analysis.
   - ESG integration: the explicit and systematical inclusion of material sustainability factors (through the use of qualitative and quantitative ESG information) in investment analysis and decisions allows the Group to better manage risks, improve returns and mitigate principal adverse impact on sustainability factors;
   - Sustainable investments: the definition of specific investment strategies, for the various asset classes, aimed at supporting investments with sustainability characteristics, allows the Group to create long-term value for the whole society;
   - Active ownership (Voting): since decisions taken at general meetings of investee companies are of utmost importance for the achievement of their long-term strategies, the Group adopts principles and criteria, including the consideration of material sustainability factors and risks, in the definition of voting decisions consistent with the interest of the Group and its clients. For the Engagement approach, please refer to par. 3.4.

Framework for indirect investments

The Group investment model envisages investments through dedicated mandates but also through investment funds managed by asset managers that are either internal or external to the Group (i.e. indirect investments).

For these investments, the Group defined a set of ESG screening criteria (both for Liquid and Private & Real Asset Funds) in order to evaluate the asset managers' ESG strategy and the alignment with some of the commitments made by the Group, such as restrictions on thermal coal, significant controversies and unconventional weapons, transparency and commitment to fighting climate change.

Moreover, constant dialogue with the asset managers of the funds in which the Group invests is a key element that allows to promote its needs on sustainability integration towards them, especially when the assessment of the asset managers' policies identifies some issues which, while not constituting an element of divestment, may represent areas for improvement.

For further details, please refer to the Integration of Sustainability into Investments and Active Ownership Group Guideline publicly available in the website (link).

Ingatlanok

Az ingatlanbefektetéseket (közvetlen és közvetett) a Csoport ingatlan vagyonkezelője végzi, amely a következő kezdeményezésekben vesz részt, amelyek célja a befektetések fenntarthatósági tényezőkre gyakorolt esetleges negatív hatásának korlátozása/megszüntetése:

1. Ellenfelek átvilágítása: az ESG-értékelés során relevánsnak tekintett ellentmondások és/vagy üzleti ágazatok figyelembevétele; a szűrés a vevőként, eladóként vagy társbefektetőként meghatározott partnerek esetében történik, és a bérlőkre is vonatkozik. Fenntarthatósági átvilágítás: a felvásárlásokat környezetvédelmi/fenntarthatósági átvilágításnak (SDD) vetik alá az egyes épületek súlyozott teljesítményének mérése érdekében[9]. Ezen ellenőrzések eredményei beépülnek az átvilágításba tájékoztatás céljából, és a befektetési döntéshozatali folyamat során más tényezőkkel együtt figyelembe veszik őket.

[8] Issuers that are underperformers compared to the peers of their sector (in the case of corporate issuers) or countries (in the case of sovereign issuers).

[9] Assessed trough ESG ratings (one or more, internal or from external ESG providers).

2. Sustainable due diligence: acquisitions undergo environmental/ sustainable due diligence (SDD) in order to measure the weighted performance of each building[10]. The outputs of these checks are embedded in the due diligence for informational purposes and for consideration alongside other factors in the investment decision making process.
3. Data analytics: implementation of a data analytics project covering across 11 European countries. Existing utilities con-sumption data are collected and centralized in a digital platform, which automatically calculates CO2 emissions and monitors their evolution.
4. Green Leases: proposition of a new "Standard Green Lease Clause", each time a lease with a tenant is (re)negotiated. This clause allows to obtain at minimum the tenants' utility consumptions on a regular basis, as well as an enhanced commit-ment on sustainability, so that actions can be taken to improve the management, buildings and the CO^2 foot-print.
5. Physical risk analysis: impact analysis of the portfolio in order to geo-localize the assets and to map out the physical risks related to global warming, in line with the TCFD (Task Force on Climate-related Financial Disclosures) Recommendations[11] and with the EU Taxonomy assessment framework.
6. Transition to a low-carbon economy: reduction of portfolios' emissions and - more broadly, the low-carbon transition.

Climate change

Climate change is a topic of key relevance for the Group, both in terms of possible adverse impact that we have through our investment choices as well as in terms of climate risk our investments are exposed to.

The Group is committed to promote the transition towards a low-carbon economy, integrating the social dimension into the climate strategy and disclosing the risks and opportunities associated with climate change.

In such context, the Group Strategy on Climate Change defines decisions and actions taken by the Group to promote a fair and socially just transition to a net-zero emission economy both as an issuer, an Asset Owner and underwriter.

The Group commits to transitioning its investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5C degrees above pre-industrial temperatures, taking into account the best available scientific know-ledge, and regularly reporting on progress, including establishing intermediate targets every five years in line with Paris Agree-ment Article 4.9.

In order to pursue its commitments on climate changes, the Group defined and implements in its investment strategy and decisions a combination of the approaches described above, and in particular:

For direct investments:
- Negative screening: defining investment restrictions on (or phasing out from) activities/sectors/issuers that are negatively impacting climate change;
- Positive screening / ESG Integration: gradually introducing in the portfolio constructions and allocation also climate-related consideration to assess relevant sectors and issuers based on their decarbonization path;
- Sustainable investments: setting dedicated investment programs, across asset classes, in order to finance companies and projects with clear environmental and social objectives.
- Active ownership:
  - setting engagement targets on portfolio's companies which represents the highest CO2 emissions to influence their plan to transition to a net-zero world by 2050;
  - aligning Group voting principles with net-zero commitment and use votes to hold companies accountable when they are not making satisfactory progress to address climate change or support climate change mitigation.

For indirect investments: defining and periodically updating ESG criteria for the selection and monitoring of Asset Managers / funds which integrate adequate climate-related objectives in their investment strategy and provide an adequate level of trans-parency and disclosure.

Additional principal adverse impact indicators

For what concerns the two additional principal adverse impact indicators required by the Reg. EU 2019/2088, the Group se-lect-ed those indicators most aligned with the sustainability factors relevant and material for its investments (therefore mana-ged through the ESG incorporation approaches described above), also taking into consideration data availability. As output of this assessment, the Group selected the two following indicators:
- Table 2 – Additional climate and other environment-related indicators (indicators applicable to investments in investee companies): **N.4. Investments in companies without carbon emission reduction initiatives**
- Table 3 – Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters (indicators applicable to investments in sovereigns and supranationals): **N. 22. Non-cooperative tax jurisdic-tions.**

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[10] Categories analyzed: energy, water, waste, materials, land use & ecology, pollution, transport, health & wellbeing, management.

[11] The TCFD has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes.

Data sources, scope and overall limitations for the principal adverse impact figures disclosed

For the purpose of this disclosure, and in particular for the calculation of the PAI figures, Generali has adopted its best efforts to complete the values for each indicator. As Group, we set up a PAI reporting solution that fulfills to the best of our understanding the requirements currently expressed of the regulations, taking into account the limitations encountered such as data availability and regulatory interpretation topics, as well the reliance on external providers both in terms of data and reporting solutions. We expect future European regulatory development to contribute to the data quality from companies in our portfolio (e.g. CSRD and CSDDD) as well as to further clarify the disclosure requirements (i.e. expected revisions of SFDR Regulatory Technical Stand-ards) During 2023 and going forward we plan to improve the reporting, liaising also with data providers to increase coverage and further develop our methodology, consistently with the instructions of the regulation to provide a best effort view of our port-folio's exposure to adverse impacts.

Data sources

Generali leverages mainly on external data providers for the calculation of the PAIs disclosed in this report. Specifically:

- for PAIs on corporate and sovereign investments: Generali relies on MSCI both in terms of data and reporting solution for all PAIs, except for PAIs where there is a precise link with the negative screening approach (PAI 10 – 14 – 16) where an additional step of internal assessment is applied to fully reflect the Group approach to the management and prioritization of PAIs. We regularly engage with external providers and other stakeholders to further our understanding of the regulatory requirements and suggest improvements in the approach, but we relied on the regulatory interpretation of the external provider when it comes to technical details such as the application of the formulas for PAI calculation and the use of estimations in the data set. Generali also relied on the availability of data published by the companies and collected by the data provider. In some cases, the companies are not commonly disclosing the information required for PAI calculation (or the data provider does not have it available through their reporting platform), which may lead to some of the PAIs having a low coverage of the portfolio. In such cases, we have the objective to further understand the phenomenon and engage with the data provider to increase the coverage, where possible.
- For PAI on real estate: Generali relies on the PAIs gathered by Generali Real Estate on behalf of the Insurance Companies.

Scope

The scope of this report includes direct investments and indirect investments in the General Account portfolio of the Group Insurance Company. Indirect investments have been introduced in the PAI calculation for the first time in this year's report, through a best effort approach leveraging on the reporting solution and methodology applied by the data provider (MSCI). As mentioned, our policies already provide asset managers with clear expectations for integrating sustainability in the investment decisions, including establishing minimum requirements in terms of exclusions and climate. Unit linked portfolios remain out of scope of this report for the time being. As Generali, we are always in the process of evaluating the best available reporting solutions and processes to increase coverage, scope and data quality of the SFDR reporting going forward.

2.4. ENGAGEMENT POLICIES

Summary of the engagement policies

As a long-term liability-driven institutional investor and asset owner with a fiduciary duty, each Group Insurance company, in line with the Group, incorporates active ownership in its Framework, considering it a contributor to long-term risk mitigation and val-ue creation for clients and shareholders.

By engaging investee companies and exercising voting rights, the Group aims at influencing investee companies' business behaviours and accountability on sustainability factors, as a consequence mitigating the sustainability risks the Group is exposed to and managing principal adverse impacts on sustainability factors deriving from its investment strategy.

For what concerns proxy voting, the Group believes that decisions taken at general meetings of investee companies are of utmost importance for the achievement of companies' long-term strategies. The Group adopts principles and criteria, including the consideration of material sustainability factors and risks, in the definition of voting decisions consistent with the interest of the Group and its clients.

For what concerns engagement, through the dialogue with investee companies, the Group intends to (i) acquire more information about sustainability practices as well as overall strategy, management and issues of the investee companies (ii) encourage improved/increased sustainability practices and/or the level of disclosure; (iii) exert an influence on investee companies, seeking to improve their overall business practices, including sustainability practices and performance, to lower their sustainability risk and ultimately improve their long-term profitability; (iv) make better investment decisions in the context of the asset management of Group Investments.

The Group Active Ownership Framework (link to the Guideline published on the website) has been drawn up in compliance with the obligations introduced by the Shareholder Rights Directive II as regards the engagement policy of institutional investors (Art. 3g of Directive (EU) 2017/828 amending Directive 2007/36/EC) and duly takes into account best practices from international standards to which the Group adheres. Further, our Active Ownership Framework has been drawn up also with a view to best track principal adverse indicators under SFDR Regulation and to foresee escalation procedures.

Indicators for adverse impacts considered in the engagement policies

Mandatory	PAI Topic	PAI Indicator	Voting principles[12]	Engagement Framework	Engagement Topic
Yes	Greenhouse Gas Emissions	1. GHG emissions	1.7 (Environmental factors and risks)	Engagement related to Group Strategy and commitments. / Engagement for Portfolio Management	Portfolio Decarbonization / Negative screening
Yes	Greenhouse Gas Emissions	2. Carbon footprint	1.7 (Environmental factors and risks)		
Yes	Greenhouse Gas Emissions	3. GHG intensity of investee companies	1.7 (Environmental factors and risks)		
Yes	Greenhouse Gas Emissions	4. Exposure to companies active in the fossil fuel sector	1.7 (Environmental factors and risks)		
Yes	Greenhouse Gas Emissions	5. Share of non-renewable energy consumption and production	1.7 (Environmental factors and risks)		
Yes	Greenhouse Gas Emissions	6. Energy consumption intensity per high impact climate sector	1.7 (Environmental factors and risks)		
Yes	Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	1.7 (Environmental factors and risks)		Environmental targets in executive remuneration (from 2023)
Yes	Water	8. Emissions to water	1.7 (Environmental factors and risks)		
Yes	Waste	9. Hazardous waste and radioactive waste ratio	1.7 (Environmental factors and risks)		
Yes	Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1.8 (Social factors and risks)	Engagement for Portfolio Management	Negative screening
Yes	Social and employee matters	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1.8 (Social factors and risks)		
Yes	Social and employee matters	12. Unadjusted gender pay gap	1.8.1 (Diversity Equity & Inclusion)	Engagement related to Group Strategy and commitments.	(Gender) Diversity Equity & Inclusion
Yes	Social and employee matters	13. Board gender diversity	1.8.1 (Diversity Equity & Inclusion)		
Yes	Social and employee matters	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	1.8 (Social factors and risks)	Engagement for Portfolio Management	Negative screening
No	Emissions	4. . Investments in companies without carbon emission reduction initiatives	1.7. (Environmental factors and risks)	Engagement related to Group Strategy and commitments. & Engagement for Portfolio Management	Portfolio Decarbonization & Negative screening
No	Governance	22. Non-cooperative tax juris-dictions	N/A	N/A	N/A

To pursue its objectives, the Group uses the following types of engagement:

- Portfolio management-related engagement: the objective is to engage specific companies with poor sustainability performance that nevertheless show potential for a drift towards a more sustainable business conduct. In particular, this engagement focuses on companies in which the Group has a long-term financial interest but presenting material specific sustainability risk;
- Proxy voting related engagement: the objective is to stimulate investee companies to improve their governance, as well as their sustainability practices by dialogues with companies on votes casted in exercising voting rights towards them.
- Engagement related to the Group Strategy and commitments: the objective is to engage specific companies on the base of strategic considerations related to the Group (i.e. Business Strategy, Sustainability Strategy, Sustainable Investment Strategy) and existing external commitments (e.g. UN Global Compact), or local stewardship codes, to which the Group voluntarily adheres.

[12] Integration of Sustainability into Investment and Active Ownership Group Guideline.

Escalation procedure

Where there is no reduction of the principal adverse impacts over more than one period reported on, we may: a) enact escalation procedures already foreseen by our active ownership principles; b) amend our active ownership principles to tight our engagement or voting behavior or to foreseeing additional escalation procedures (e.g. voting against the remuneration of executives or against the balance sheet).

With regard to escalation procedures on our engagement practices, according to our voting principles, when the Group does not see progress despite ongoing engagement, or companies are insufficiently responsive on matters the Group believes that contribute to long-term value creation or when the remediation plan of the investee company appears weak, the Group may signal its disappointment to the relevant company by voting against relevant management proposals directly addressing the topic of concern and/or indirectly expressing contrariety (e.g. by voting against the discharge of responsibility of the Directors in markets where that is an option, withholding support for the re-election of responsible members of the Board of Directors, opposing to executive remuneration that does not have a link with the sustainability targets the Group is advocating for in its engagement effort). Further examples of escalation procedures in our voting practices include voting against responsible directors in situations of severe or systematic violations or lack of processes and compliance mechanisms in respect to environmental factors (including climate change mitigation and adaptation) and social factors (including situations of poor employment, work and pay practices).

2.5. REFERENCES TO INTERNATIONAL STANDARDS

To confirm its multi-year commitment to sustainability, over the years the Group joined several reference initiatives, such as the United Nations Global Compact in 2007, the PRI (Principles for Responsible Investment[13]) in 2011 and supported the Paris Agreement (2015).

This paragraph outlines the concrete link between PAIs indicators prioritized and the main commitments and internationally recognized standards to which the Group adheres to.

Paris Agreement

Reference PAIs: PAI 1 to 5

Data sources for the calculation of PAIs: MSCI

Methodology and data used:

Climate change is counted among the most important challenges that the global society is facing. As for sustainability in a broad sense, fighting climate change is part of our moral duties for a more sustainable future and our risk management duties towards our stakeholders.

Generali supports the objective of the Paris Agreement and, as member of the Net Zero Asset Owner Alliance, is committed to transitioning their investment portfolios to net-zero CO2 emissions by 2050, with the goal of limiting global warming to 1.5°C (according to IPCC 1.5° scenario). In 2022 the Group updated its Climate Change Strategy by focusing on more stringent criteria for the exclusion of activities harmful to the climate (mainly thermal coal) and on increasing ambitions for the financing of activities offering solutions for the reduction of greenhouse gas emissions. The existing restrictions on tar sands were also integrated with restrictions on other hydrocarbons extracted through fracking and extraction in the Arctic, a particularly sensitive area in terms of biodiversity:

The Group's commitment to the fight against climate change is expressed in several investment strategies linked to
1. exclusion from investments of activities harmful to the climate, such as thermal coal and unconventional oil & gas, including commitment to phase out from thermal coal in the investment portfolio by 2030 for OECD countries and 2040 for non-OECD.
2. our commitment to investment decarbonisation, through intermediate decarbonization target for YE 2024 of -25% for the corporate portfolio. The decarbonization targets were set according to science-based evidences (IPCC scenarios
3. investments in activities that are drivers of change, including a target for 8.5 bln – 9.5 bln new green and sustainable investments in bonds by YE 2025.

For what regards data source, MSCI is currently the provider for the calculation and publication of these PAIs. MSCI is also currently the main provider for the data used by the Group for the implementation of aforementioned strategies (e.g. carbon emissions data, information regarding issuer's involvement in coal such as % revenues for thermal coal, % of power generation from coal). An additional overlay of internal assessment, leveraging on internal ESG research, is carried out based on the materiality of the issuer for the investment portfolio.

To be noted that as of today the Group's decarbonization targets of -25% emissions on the corporate portfolio for YE 24 are applied on scope 1 and 2 only, while PAIs 1, 2, and 3 include also scope 3. Generali is working to clarify methodological issues related to scope 3, as well as data quality topics, and improve the target setting approach for scope 3.

[13] PRI guidelines were used as reference standard for the definition of the Group Framework.

For more details:
- on methodology, strategies, and targets on Climate Change: see the Group Technical Note on Climate Change.
- on data sources for the calculation of PAIs and related scope, including any potential limitations: see dedicated paragraph in this document.

United Nations Global Compact

Reference PAI: PAI 10, PAI 11, PAI 16

Data source for the calculation of PAIs: MSCI, internal assessment

Methodology and data used:

Certain issuers can be responsible for serious violations perpetrated against the environment, the communities or their own employees, thus destroying their human capital, its legitimacy to operate and the ability to create value in the long term. In the face of these risks, Generali applied a negative screening approach aiming at excluding from the investable universe those issuers (both corporate and sovereign) involved in severe controversies linked, among the others:
- for the corporate issuers, to violations of the UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work.
- for the sovereign issuers, to the criteria that include i) the respect of political rights and civil liberties, ii) the level of cor-ruption in the country, iii) the level of cooperation in the global fight against money laundering and terrorism financing, iv) the level of contribution to deforestation.

For what regards data sources, MSCI is currently the main provider used by Generali to identify the issuers involved in such controversies. An additional overlay of internal assessment, leveraging on internal ESG research, is carried out based on the materiality of the issuer for the investment portfolio.

For more details:
- on methodology and strategies: see the Integration of Sustainability into Investments and Active Ownership Group Guide-line.
- on data sources for the calculation of PAIs and related scope, including any potential limitations: see dedicated paragraph in this document.

International treaties on controversial weapons

Reference PAI: PAI 14

Data source for the calculation of PAIs: MSCI, internal assessment

Methodology and data used:

The Group excludes from its investments issuers that are directly involved in armament and weapons that violate fundamental humanitarian principles through their normal use (cluster bombs, landmines, biological and chemical weapons, depleted ura-nium weapons and nuclear weapons in violation of the Non-Proliferation Treaty).

The exclusion is consistent with Group commitments and international treaties (such as the Ottawa Convention, Oslo Convent-ion and the Non-Proliferation Treaty) as well as relevant local regulation (Italian Law n. 220/2021.)

The screening is performed using MSCI as main data provider. If needed, MSCI data can be complemented by other available sources (e.g. specialized websites or NGO research papers).

For more details:
- on methodology and strategies: see the Integration of Sustainability into Investments and Active Ownership Group Guide-line.
- on data sources for the calculation of PAIs and related scope, including any potential limitations: see dedicated paragraph in this document.

2.6. HISTORIKUS ÖSSZEHASONLÍTÁS

The Year on Year comparison for the PAIs reported in 2022 and 2023 is presented through the tables in Section 2.2. For the purpose of facilitating a historical comparison, we highlight the main changes in the PAI reporting between 2022 and 2023.

Scope

In 2023 indirect investments were added to the scope of the SFDR PAI statement. For comparison, the scope in 2022 included only direct investments (for more detail see the “Scope” section of this document). For this reason, some of the year-on-year variation of the PAIs can be attributed to the increase of the scope covered by the reporting solution implemented. As the reporting framework progresses and consolidates, we will endeavor to further isolate the contribution of the funds on the year-on-year performance of the PAIs.

Methodological changes

During 2023 the methodology for some of the PAIs has been updated by the data provider, which influences the comparability between the results of 2022 and 2023. In particular:

- PAIs 7 (Activities negatively affecting biodiversity-sensitive areas): differently from the past, the provider now also relies on estimated data of biodiversity impact. These estimations, based on the industrial sector of the companies, lead by construction to a different result of PAI 7. This new and more prudential regulatory interpretation of PAI 7 represents activities “potentially” affecting biodiversity sensitive areas.
- PAI 8 (Water Emissions): during 2023 the data provider has carried out adjustment and corrections on the underlying data captured by their model for Water Emissions, in order to increase the data quality. These corrections lead to material changes in the PAI values assigned to some of the issuers in their universe.
- PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) was significantly modified by the data provider in 2023. The new methodology allows a more in-depth mapping of the policies that companies have set to monitor compliance with UNGC or OECD Guidelines, which permits a more granular evaluation of PAI 11 for the portfolios.