

Report 2022

RESPONSIBLE INVESTOR REPORT



GENERALI INVESTMENTS SICAV SRI EUROPEAN EQUITY



The present report presents the sub-fund's investment process and reports on its performance in terms of sustainability and shareholder engagement for the year 2022, in particular in response to the requirements of the SRI label created and supported by the French Ministry of the Economy and Finance. This document relates to Generali Investments SICAV and its sub-fund SRI European Equity («the Fund»), a Luxembourg UCITS-SICAV. It does not constitute an advertising communication as defined by the ESMA guidelines on advertising communications under the regulation on cross-border distribution of collective investment schemes.

This document is intended for investors in EU/EEA countries where the fund is registered for distribution: AT, CZ, DE, ES, FR, IT, LU, NL, SK.

In Belgium: not for Belgian retail investors, unless the investment subscription exceeds EUR 250,000. Not for Americans.

Before making any investment decision, please take into account all ESG characteristics and objectives, the binding elements of the ESG selection process and their methodological limitations, as well as the risks and conditions associated with the product. Please refer to the Prospectus, the Key Information Document, the SFDR pre-contractual document, as well as the Summary of the publication of ESG information on the website, available in French and in one of the official languages of the EU/EEA country in the «publication of sustainability information» section of the website: <https://www.generali-investments.lu/fr/en/private/fund-page/generali-investments-sicav-sri-european-equity-class-dx-LU0145456207>

GIS SRI European Equity promotes environmental and social characteristics in accordance with Article 8 of the SFDR (Sustainable Finance Disclosure Regulation). Although the sub-fund does not have sustainable investment as its objective, it will include a minimum proportion of 50% sustainable investments.

Report on the GIS SRI European Equity sub-fund as at 1 January 2023.

The GIS SRI European Equity sub-fund has been awarded the FNG 2022 Label by the Forum Nachhaltige Geldanlagen (FNG) and the «Label ISR» by the French government in December 2021 for a period of 3 years. Further information on the labels and methodologies can be found on the respective websites: <https://fng-siegel.org/>, <https://www.lelabelisr.fr/label-isr/>.

These labels are not investment recommendations and do not prejudice future sustainability performance. This sub-fund is not guaranteed. There is therefore no guarantee that performance and sustainability targets will be met.

INTRODUCTION

The present report presents the sub-fund's investment process and reports on its performance in terms of sustainability and shareholder engagement for the year 2022, in particular in response to the requirements of the SRI label created and supported by the French Ministry of the Economy and Finance.

Report covering the year 2022. For more information on Sycomore AM's approach to sustainability, please consult the sustainability policies and strategies on the website, as well as the sustainability report drawn up at the level of the management company in response to Article 29 of the French Energy and Climate Law.

The SICAV sub-fund offers no guarantee of return or performance and carries a risk of capital loss. Before investing, please consult the SICAV's KID, available on the Generali website. The indicators are based on the latest data published by the companies (2022 or 2021 for the most part). The ESG performances presented are those of the companies whose shares were included in the sub-fund's net assets at 31 December 2022, and therefore do not represent a direct contribution by the sub-fund to these performances. The SRI label, created and supported by the French Ministry of Finance, identifies responsible and sustainable investments for savers. It is intended as a guide for investors, but does not guarantee the capital invested, nor does it attest to the quality of the management implemented by the sub-fund.

Past performance is not necessarily a guide to future performance.

¹ <https://fr.sycomore-am.com/documentation-esg>

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1. GIS SRI EUROPEAN EQUITY, an SRI-LABELLED and ARTICLE 8 SFDR-CLASSIFIED sub-fund

1.1. The investment philosophy of the sub-fund

The Generali Investments SICAV (GIS) SRI European Equity sub-fund invests primarily in European companies, without sector or style constraints, following a Socially Responsible Investment process with a particular focus on the social and environmental impact of products and services and the levers for improving the practices of invested companies.

The sub-fund has several objectives:

- Over a period of six years, it aims to outperform the MSCI Europe - Net Total Return index (denominated in euros);
- It undertakes, at all times, to invest at least 50% of its assets in sustainable investments;
- It aims to outperform its benchmark index at all times:
 - On the proportion of women in key management positions (Executive Committee) and
 - Compared to the Net Environmental Contribution (NEC)

Companies eligible for the sub-fund are selected according to a rigorous investment process based on a fundamental analysis integrating environmental, social and governance (ESG) issues, following the SPICE model². This analysis is carried out according to the principle of double materiality as defined by the European Commission: it takes into account, firstly, the risks that could affect the company's value and, secondly, the negative social or environmental impacts of the company's activity on its stakeholders.

Main sub-fund risks:

- **Equity risk:** The value of a sub-fund investing in equities will be affected by stock market fluctuations and changes in the value of the individual securities in the portfolio.
- **Derivatives risk:** The sub-fund may use derivatives such as options, futures, swaps and forward exchange contracts. Participation in these strategies entails investment risks and transaction costs to which a sub-fund would not be exposed if it did not use them.
- **Sustainable finance risk:** Sustainable finance is a relatively new field in the financial sector. At present, there is no universally accepted framework or list of factors to be taken into account to ensure that investments are sustainable. The lack of common standards can lead to different approaches to setting and achieving ESG objectives.
- **Risk of capital loss:** As the product is not guaranteed, you may not get back the amount originally invested.

Before making any investment decision, please take into account all ESG characteristics and objectives, the binding elements of the ESG selection process and their methodological limitations, as well as the risks and costs associated with the product. Please refer to the Prospectus, the Key Information Document, the SFDR pre-contractual document, as well as the Summary of the publication of ESG information on the website, available in French and in one of the official languages of the EU/EEA country in the "Sustainability Disclosure" section of the website: <https://www.general-investments.lu/fr/en/private/fund-page/general-investments-sicav-sri-european-equity-class-dx-LU0145456207>

² SPICE stands for Society & Suppliers, People, Investors, Clients and Environment. The ESG integration policy details the elements taken into account in the SPICE fundamental analysis model: <https://fr.sycomore-am.com/telecharger/1329406490>.

1. GIS SRI EUROPEAN EQUITY, an SRI-LABELLED and ARTICLE 8 SFDR-CLASSIFIED sub-fund

1.2. ESG exclusion and selection filters

- **A filter to exclude key sustainability risks and negative impacts**

The exclusion filter makes it possible to exclude companies presenting risks or negative impacts in terms of sustainability, according to the principle of double materiality.

A company is ineligible for the sub-fund if:

1. It is involved in activities excluded by Sycomore AM's SRI exclusion policy for their controversial social or environmental impacts;
2. It has governance practices that are deemed insufficient, as defined in Sycomore AM's exclusion policy³;
3. It has a SPICE rating of 3/5 or less;
4. It is concerned by a level 3/3 controversy.

- **A selection filter for positive environmental or social contributions**

The choice of a selection criterion allows us to favour companies presenting solutions in terms of sustainability.

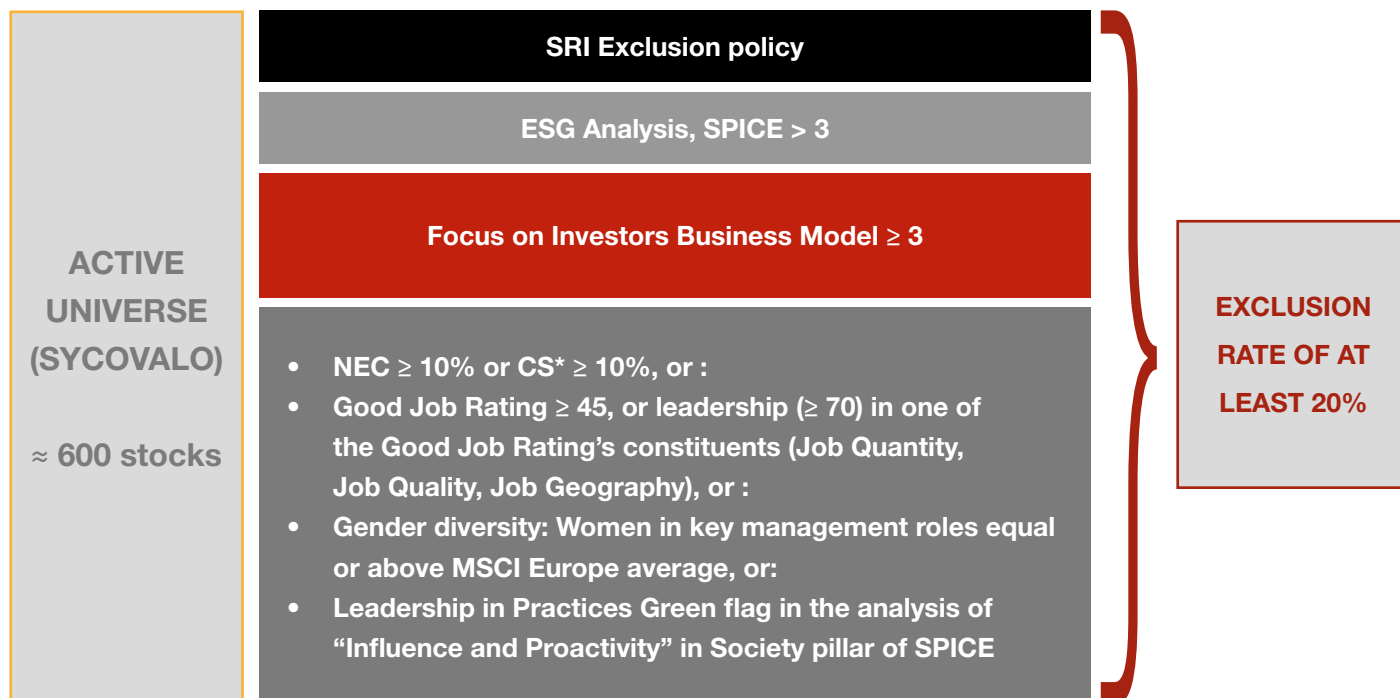
To be eligible for investment, companies must be sustainable:

- either through their products and services, which requires a Net Environmental Contribution (NEC) greater than or equal to +10% or a Societal Contribution (SC) of products and services greater than or equal to +10%.
- or through their practices, with a particular focus on one of the following themes:
 - Employment: With a Good Job Ratings score greater than 45 or with the Leadership criterion greater than or equal to 70 in one of the assessment elements of the overall GJR score (quantity, quality and geography of employment);
 - Gender diversity: With the number of women in key management positions higher than or equal to the MSCI Europe index average;
 - Leadership in practices: With a Green Flag in the "Influence and Proactivity" analysis of SPICE's Society pillar.

The sub-fund's eligible investment universe is thus reduced by at least 20% compared with its initial investment universe, i.e. listed equities issued by European companies (as defined in the prospectus).

³ For more information on excluded activities, please consult Sycomore AM's exclusion policy: <https://fr.sycomore-am.com/telecharger/1502266784>

1. GIS SRI EUROPEAN EQUITY, an SRI-LABELLED and ARTICLE 8 SFDR-CLASSIFIED sub-fund



The SPICE analysis covers all investments (excluding government bonds, cash and UCITS that comply with the constraints set out in the prospectus) and is applied on an ongoing basis.

2. SUB-FUND SUSTAINABILITY PERFORMANCE

The sub-fund's sustainability performance is assessed by a number of indicators: some are used as selection criteria in investment decisions and/or as targets for outperformance against the benchmark index, expressed ex-ante; other indicators presented here are not linked to the sub-fund's selection criteria, and their results may vary from one year to the next, both upwards and downwards, depending on the companies in the portfolio.

Objective	Indicators presented
Provide an overview of the sub-fund's ESG positioning	- Share of sustainable investment - SPICE notes
Measure E, S, G and human rights performance	- Feminization of executive committees - Workforce growth - Human rights policy - Carbon footprint - Exposure to fossil fuels
Report on the achievement of positive contribution targets	- CS - NEC

Some indicators have been developed by Sycomore AM (SPICE, the Societal Contribution of products & services,) while others are raw indicators taken from external sources and company annual reports (workforce growth, feminization of the executive committee, implementation of human rights policies, etc.). NEC was co-developed by Sycomore AM and is now being developed by the NEC Initiative.

For more information on reporting methodologies and data sources, please consult Sycomore AM's online reporting protocol⁴.

2.1. Sustainable investments

At the end of 2022, 71% of the GIS SRI European Equity sub-fund will be made up of sustainable investments, in line with the minimum target of 50% of net assets set out in the prospectus.

Of these sustainable investments, 21% focus on environmental issues, with companies such as Air Liquide and Orsted, and 50% on social issues, with companies such as Novo Nordisk.

Non-sustainable investments comply with the sub-fund's selection criteria described above, but do not meet the definition of sustainable investment, either because their product and service mix is not sufficiently geared towards today's social and environmental needs, or because their ESG practices do not meet the set criteria. Examples include Symrise, Unilever and Compass.

Investments (I)	Promotion E/S features (P) : 96% of I	Sustainable (D)	71% of I 74% of P	Objective environmental	21% of I 22% of P 30% of D	Aligned with European Taxonomy	0% *
		Other E/S features	25% of I 26% of P	Social objective	50% of I 52% of P 70% of D	Other	0% *
		Other** : 4%					

* At the date of this report, the information available does not allow us to quantify the proportion of investments aligned within the meaning of the European Taxonomy.

** Investments included in the "Other" category were exclusively cash or cash equivalents (including money market funds and government bond funds).

⁴ [Reporting protocol](#)

⁵ For more information on Sycomore AM's definition of sustainable investment, consult the [ESG integration and shareholder engagement policy](#).

2. SUB-FUND SUSTAINABILITY PERFORMANCE

2.2. SPICE performance

Because Sycomore AM strives to generate sustainable performance for its clients, our investment analysts look beyond financial statements to assess companies' interaction with all their stakeholders, in order to measure the soundness of their business model and governance, as well as their social, societal and environmental impacts.

The proprietary SPICE fundamental analysis model enables Sycomore AM to assess the sustainability performance of investments. At the end of 2022, the weighted SPICE ratings of the investments in the GIS SRI European Equity sub-fund (3.7/5) were above the MSCI Europe Net Total Return index (3.45/5). The best-rated companies are Legrand, Schneider Electric and Hermès.

	2021		2022	
	GIS SRI European Equity	MSCI Europe Net Total return	GIS SRI European Equity	MSCI Europe Net Total return
SPICE	3.7	3.5	3.7	3.45
S	3.4	3.1	3.4	3.1
P	3.5	3.4	3.7	3.4
I	3.2	3.1	3.7	3.5
C	3.8	3.5	3.7	3.5
E	3.5	3.2	3.8	3.4

Source : Sycomore AM

	GIS SRI European Equity	MSCI Europe Net Total return
Coverage (weight)	100%	97%

Source : Sycomore AM au 31/12/2022

2. SUB-FUND SUSTAINABILITY PERFORMANCE

2.3. Sustainability indicators

- Governance

Feminization of executive committees

The gap between women's representation on the executive committee and in the overall workforce is a good indicator of a company's ability to promote diversity and equal opportunities within the organization.

2022 RESULTS: In 2022, the proportion of women on the executive board of companies in the GIS SRI European Equity sub-fund was 26%, slightly up on the index (23%), and the proportion of women in the corresponding workforce was 40%, also slightly above the benchmark (39%). The outperformance objective has therefore been achieved.

Some companies, such as DSM, Siemens Healthineers, Schneider Electric, Siemens, AstraZeneca and Legrand have more than 30% women on their management committees. Others have particularly large discrepancies between the number of women in their workforce and the number on their management committees. For several years now, Sycomore AM has been exchanging ideas with the companies in its investment universe to promote best practices in diversity and the advancement of women at all levels of the organization.

	2021		2022	
	GIS SRI European Equity	MSCI Europe Net TR	GIS SRI European Equity	MSCI Europe Net TR
Women on the Executive Committee	41%	39%	46%	39%
Coverage (weight)	94%	97%	100%	99%
Women in the workforce	23%	21%	26%	23%
Coverage (weight)	100%	100%	100%	98%

Source : Sycomore AM

- Social

Workforce growth

A company's capacity to generate employment is assessed according to the evolution, positive or negative, of the cumulative workforce over the last 3 financial years. The indicator presented includes changes in workforce due to divestments or acquisitions.

2022 RESULTS: in 2022, growth in corporate workforce was less dynamic but nevertheless solid (+12% over three years for the sub-fund vs. +12% for the index). A number of companies made a strong contribution to this performance, including Cap Gemini, Worldline and Straumann.

	2021		2022	
	GIS SRI European Equity	MSCI Europe Net TR	GIS SRI European Equity	MSCI Europe Net TR
Workforce growth 3 years	13%	12%	12%	12%
Coverage (weight)	100%	87%	100%	98%

Source : Sycomore AM

2. SUB-FUND SUSTAINABILITY PERFORMANCE

Human rights policy

Human rights encompass not only the rights of employees, but also, more generally, those of local communities and civil actors affected by a company's operations or activities. They are covered by a dedicated policy defined in 2020 at Sycomore AM level.

In line with the United Nations Guiding Principles (UNGPs), the assessment of a company's respect for human rights considers not only the definition of a policy in this area, but also the due diligence processes put in place by the company, the identification of salient risks to which it is exposed, and the presence of redress mechanisms. In the absence of a holistic indicator for these different elements, Sycomore has selected an indicator proposed by Bloomberg, which identifies companies that communicate on the implementation of a human rights policy.

2022 RESULTS: in 2022, the proportion of companies in the sub-fund with a formal human rights policy has risen slightly (100% in 2022 vs. 98% in 2021) and is above the index.

In 2022, Sycomore AM took part in the work of the Forum for Responsible Investment, which led to the definition of a flash analysis grid on companies' exposure to forced labour and child labour.

	2021		2022	
	GIS SRI European Equity	MSCI Europe Net TR	GIS SRI European Equity	MSCI Europe Net TR
Policy present	98%	99%	100%	98%
No policy	2%	1%	0%	2%
Coverage (weight)	100%	89%	100%	94%

Source : Sycomore AM

- **Environment**

Carbon footprint

Since 2015, Sycomore has chosen to publish the carbon footprints of its sub-funds for information purposes only. These do not directly influence investment decisions. Indeed, while knowledge of a company's carbon footprint makes it possible to quantify and prioritize its own reduction efforts, the use of aggregated carbon footprints has many limitations, as explained in Sycomore AM's Natural Capital Strategy⁶.

2022 RESULTS: at the end of 2022, GIS SRI European Equity's weighted average carbon footprint was 119 teCO₂ / M€ enterprise value, compared with 195 teCO₂ / M€ enterprise value for its benchmark index. The biggest contributors to this result were Veolia Environnement and Air Liquide. On the other hand, Prudential and Schroders, given the low carbon intensity of their operations, weigh little in the sub-fund's carbon footprint.

- **Exposure to fossil fuels**

The proportion of GIS SRI European Equity sub-fund assets invested in companies active in the fossil fuel sector within the meaning of the SFDR regulations is 3% at end-2022 (vs. 7.3% at end-2021), i.e. €6.9 million. This exposure is associated with investments in Veolia Environnement, EDP Energias and Nesté (a long-standing oil refiner that has become a leader in renewable biodiesel).

⁶ <https://fr.sycomore-am.com/telecharger/981813277>

2. SUB-FUND SUSTAINABILITY PERFORMANCE

2.4. Sustainable contributions

- **Societal contribution**

SycomoreAM assesses the alignment of its investments with major societal issues through the Societal Contribution (CS). Evaluated on a scale of -100% to +100%, the Societal Contribution of products & services is a quantitative metric, aggregating the positive and negative contributions of a company's activities according to 3 pillars: Access & Inclusion, Health & Safety and Economic & Human progress. It is assessed according to sector benchmarks defined by SRI analysts, notably on the basis of societal issues highlighted by the United Nations' Sustainable Development Goals⁷.

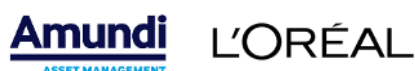
	2021		2022	
	GIS SRI European Equity	MSCI Europe Net Total return	GIS SRI European Equity	MSCI Europe Net Total return
CS	31%	26%	34%	21%
Coverage (weight)	100%	72%	100%	96%

Source : Sycomore AM

- **Negative CS:** Luxury



- **CS neutral:** Consumer and Financial sectors



- **Very positive CS:** Healthcare and Industry sectors



2022 RESULTS: the Societal Contribution of products and services from companies in the portfolio stands at +34%, compared with +21% for the sub-fund's benchmark index, and is up on 2021 (+31%). The change relative to 2021 is mainly due to the increased weight of Sonova in the portfolio, which has a CS of 82%, and to the sub-fund's new exposure to companies such as Straumann (CS of 50%).

⁷ More information on the methodology is available in the Social Capital Strategy: <https://fr.sycomore-am.com/telecharger/622923849>.

2. SUB-FUND SUSTAINABILITY PERFORMANCE

- **Net Environmental Contribution (NEC)**

Sycomore AM assesses the alignment of its investments with the ecological transition through the Net Environmental Contribution (NEC).

The NEC measures the contribution of each company's products and services to the challenges of ecological transition. It ranges from -100% for an activity that is highly destructive of natural capital to +100% for activities with a strongly positive net environmental impact. The centre of the scale at 0% represents, by construction, the average of the global economy⁸.

	2021		2022	
	GIS SRI European Equity	MSCI Europe Net Total return	GIS SRI European Equity	MSCI Europe Net Total return
NEC	7%	-1%	7%	-2%
Coverage (weight)	100%	93%	100%	97%

Source : Sycomore AM

- **NEC negative:** Luxury and other consumer goods companies



- **NEC close to 0%:** Financial and Health



- **NEC very positive:** Energy and ecological transition



2022 RESULTS: at the end of 2022, the NEC of the GIS SRI European Equity sub-fund was 7%⁹ versus -2% for MSCI Europe Net Total Europe. The objective of outperforming the index has been achieved.

⁸ For more information on the Net Environmental Contribution and the underlying methodologies, visit the [NECinitiative website](#).

⁹ NEC 1.0 calculated by Sycomore AM based on data for 2018, 2019, 2020, 2021 or 2022..

3. ENGAGEMENTS and VOTES at general meetings

Shareholder engagement involves encouraging companies to structurally improve their sustainability practices, by formulating areas for improvement as part of a constructive dialogue and long-term monitoring.

This is a key element in the implementation of Sycomore AM's mission - "We invest to develop a more sustainable and inclusive economy and generate positive impacts for all our stakeholders. Our mission: to humanize investment" - and in particular the first statutory objective, which aims to measure and improve the environmental and societal contribution of investments.

The shareholder engagement approach is detailed in Sycomore AM's ESG integration and shareholder engagement policy¹⁰. Sycomore AM's engagement is based on individual exchanges with the executive throughout the year, and with the Board of Directors prior to Annual General Meetings, as well as collaborative actions. For more information on the investor coalitions of which Sycomore AM is a member, please consult Sycomore AM's sustainability and shareholder engagement report.

Once the areas of engagement have been formalized, Sycomore AM monitors the companies' progress and can activate various "escalation" levers to increase the probability of the engagement's success.

¹⁰ <https://fr.sycomore-am.com/telecharger/1329406490>

3. ENGAGEMENTS and VOTES at general meetings

3.1. Engagement actions

In 2022, Sycomore AM will have formalized and shared 50 areas for improvement (compared with 65 in 2021) with 23 portfolio companies (compared with 26 in 2021). Nearly 72% of these engagements were conducted as part of individual dialogues, while the remaining 28% were carried out in the context of collaborative engagement actions.

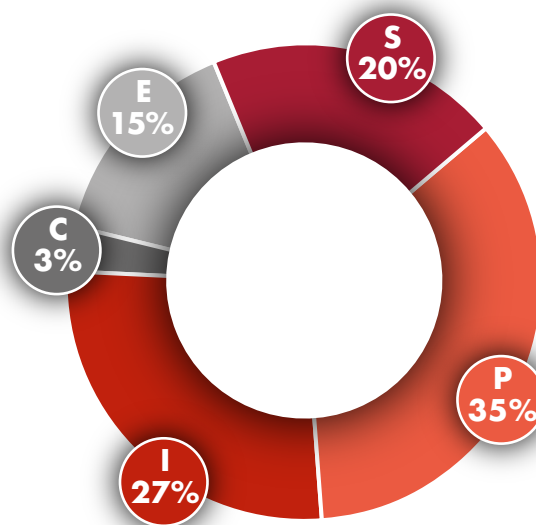
Of the engagements initiated in 2022, 16% directly concern corporate governance (Pillar I of the SPICE analysis). The main topics discussed were executive remuneration, in particular the transparency of remuneration reports and the alignment of remuneration criteria with the interests of all stakeholders, and the composition and functioning of boards of directors.

50% of engagements, i.e. 25 engagements, concerned human capital management within portfolio companies. An important part of these dialogues focuses on gender diversity at all levels of the organization, notably as part of our membership of the 30% club, which promotes a minimum representation rate of 30% for the under-represented sex on the executive committees of SBF 120 companies. Sycomore AM took part in a collaborative dialogue with L'Oréal and Air Liquide. For more information on this collaborative engagement initiative, see the 2022 activity report¹¹.

10% of engagements, i.e. 5 engagements, focused on environmental issues, and more specifically on companies' climate strategies and their alignment with the objectives of the Paris Agreement. These engagements have taken the form of individual dialogues with Bouygues, for example, or collaborative actions, notably ahead of general meetings, but also in the context of support for the CDP and the Climate, Water and Forest questionnaires developed by the CDP.

The list of companies in the GIS SRI European Equity portfolio with which Sycomore AM has entered into a dialogue in 2022 is available in the appendix.

Breakdown of areas of engagement by stakeholder



¹¹ https://30percentclub.org/wp-content/uploads/2023/01/30CLUB_FR_2022-Annual-Report-1.pdf

3. ENGAGEMENTS and VOTES at general meetings

CONTROVERSY AND ENGAGEMENT

Areas for improvement were communicated to 23 companies during dialogues initiated in the context of controversies, such as Saint-Gobain, in connection with the Grenfell Tower fire in London in 2017, and Korian, to include a minority shareholder representative on the Stakeholder Committee.

PROGRESS OBSERVED

Sycomore AM also followed up on 28 areas for improvement transmitted to 16 companies in the portfolio in previous years, and noted progress on 29% of these areas, either partially or fully meeting the target set. Air Liquide, for example, has undertaken to offer 100% of its employees a common basic social security package by 2025, including provident insurance, health coverage and new measures in favour of maternity leave. Symrise now has a woman - its first - on its Executive Committee. It should be noted, however, that as the size of the committee increased, it was required by law to have at least one woman on the committee. Sycomore AM regrets that Symrise was unable to recruit a woman to head one of its operating divisions.

Key figures for progress on previous engagements

- **28 engagement actions in 2022**
- **29% progress observed on these 28 engagement actions**
- **71% of engagement actions still open**

Focus on the engagement with the 30% club, review of the second year of activity

In 2020, Sycomore AM helped set up the French branch of the 30% Club Investor Group. After two years of existence, Sycomore AM is continuing to raise the representation of women on the management teams of SBF 120 index companies to a minimum of 30% by 2025, and more broadly to promote gender diversity at all levels of organizations, as well as transparency on this subject. Sycomore AM's intention is not to set mandatory quotas, but to encourage companies that take voluntary steps to implement significant and lasting change.

In 2022, new investors joined the initiative, and thanks to the collaboration of Sycomore AM, a dialogue was initiated or continued with a growing number of SBF120 companies. The Club organized 18 physical meetings, and other exchanges took place by e-mail. Most of the companies we met were convinced of the importance of gender diversity, and Sycomore AM observes that a positive dynamic is emerging in the form of action plans and targeted objectives. As part of this campaign, Sycomore AM shared with companies a list of indicators developed by the Club. The feedback Sycomore AM received enabled them to observe, firstly, that all these indicators are potentially reportable, since each of them was communicated at least once, and secondly, that the way in which companies report quantitative diversity data, as well as their objectives (scope, time horizons, etc.), are sometimes inconsistent.

Sycomore AM also had the opportunity to exchange views on engagement with experts such as Marie-Pierre Rixain, who championed the Rixain law aimed at accelerating women's participation in economic and professional life.

The Club published its second activity report in 2022. Sycomore AM thanks Marie-Sybille Connan (Allianz Global Investors) for her presidency of the club in 2022, and wishes her and Theany Bazet (Candriam) all the best as co-presidents for 2023.

3. ENGAGEMENTS and VOTES at general meetings

Focus on the Investor Initiative for Responsible Care - Korian-Orpéa

The publication of Victor Castanet's book *Les Fossoyeurs* in January 2022 sent unprecedented shockwaves through the French healthcare sector and beyond. Through the serious shortcomings revealed by the journalistic investigation and the inspections commissioned by the French government within the Orpea group, the main establishment targeted in the book, **it has rekindled the necessary debate on the structural issues weighing on the sector's social standards, such as the shortage of qualified staff, the methods of financing dependency care, the supervisory authorities' means of control and the absence of official quality standards.**

While we were co-founders in March 2021 of the Investor Initiative for Responsible Care (IIRC) with BMO Global AM, Ethos Foundation, PIRC and the international trade union federation UNI Global Union, we continued our dialogues with Korian throughout 2022. Although it was removed from the portfolios that held it following the publication of the book, Orpea was also at the heart of our engagement efforts to contribute to the transformation of the sector. Through this international initiative, which goes beyond the financial ecosystem, Sycomore AM aims to contribute to:

- **Raising awareness:** to make social issues an essential part of the dialogue between companies and investors in the sector;
- **The creation of tools for social performance and transparency:** aware that the absence of common quality and social benchmarks is a major obstacle to the evaluation of companies in the sector, the initiative has developed, with input from UNI Global Union and a network of elderly people's organizations, a grid of key indicators that are currently unpublished or poorly published, serving as a basis for the group's dialogue with companies;
- **Shareholder engagement:** Sycomore AM coordinates the group's dialogues with Korian and Orpea.

In February 2022, the Korian Group, which was obviously heavily impacted by the affair despite not having been directly implicated, announced its objective of proposing that its shareholders adopt the status of a mission-driven company at its general meeting in June 2023, followed in March 2022 by its first employee shareholding plan, open to all employees.

The dialogue initiated via IIRC continued in 2022 through several interviews with the Group's Board of Directors, Executive Management and operational teams. Korian has shown itself to be a transparent and attentive listener, particularly with regard to our proposals concerning the composition of the future mission committee and its interaction with other governance bodies, the strengthening of the Board of Directors' social area of responsibility and the publication of indicators which we consider to be priorities for restoring confidence. Our aim for this dialogue is to actively contribute to the establishment of ambitious governance of the mission. **In this respect, we welcome the Board's proposal to appoint Philippe Lévêque as an independent director at the forthcoming General Meeting.**

3. ENGAGEMENTS and VOTES at general meetings

The Group has not taken its transformation into a mission-driven company lightly, and we welcome it. For almost 18 months, Korian consulted all its stakeholders in order to take their expectations into account. **In April 2023, Korian announced its new mission “To care for the humanity of each individual in moments of vulnerability”** and ten concrete initiatives to achieve it, such as the creation of a “consideration” score, a solidarity fund for group employees in difficulty and the creation of a university in each of the countries where the group operates. The Mission Committee, which will be responsible for ensuring the proper execution and effectiveness of these initiatives and for advising Korian in line with the Group’s mission, is also taking shape. Its composition will be submitted for approval to the Group’s General Meeting on 15 June 2023. These decisions are in line with the “Le Soir à Cœur” corporate project presented in 2019 by the Group, which includes 15 quantified CSR engagements, and which will moreover be extensively reviewed to ensure alignment with the ten aforementioned initiatives.

2023 will be another year rich in dialogue, both individual and collaborative, through the IIRC. We hope that the in-depth overhaul of the sector’s key actors will soon bear fruit for care recipients and employees alike. This should enable investors to return to an attractive performance path in a second phase.

3. ENGAGEMENTS and VOTES at general meetings

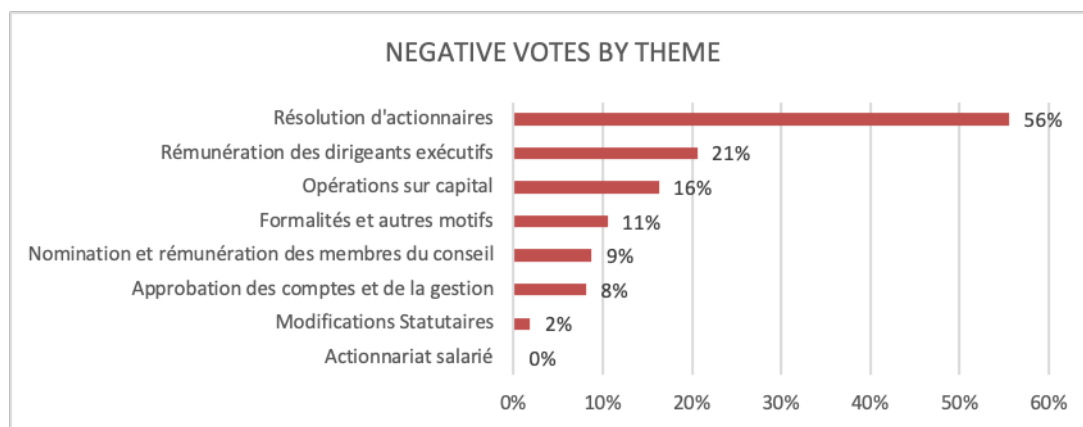
3.2. Voting at general meetings

To play an active role in shareholder democracy, Sycomore AM systematically votes at the General Meetings (GMs) of all the companies in its portfolio. In 2022, Sycomore AM voted at 96% of the general meetings in its portfolio:

- 65 general meetings with voting rights, involving 1271 resolutions;
- 89% of general meetings with at least one vote against;
- 13% of votes against.

The most contentious issues were shareholder resolutions (56% voted against) and executive remuneration (21%).

Theme	Share of negative votes
Employee share ownership	0%
Changes to the Articles of Association	2%
Approval of accounts and management	8%
Appointment and remuneration of Board members	9%
Formalities and other reasons	11%
Capital transactions	16%
Executive compensation	21%
Shareholder resolution	56%



Sycomore AM pays particular attention to ensuring that executive remuneration is aligned with the interests of all stakeholders, in particular through the integration of ESG criteria, the moderation of remuneration received and the transparency of remuneration policies and reports.

A total of 13 resolutions dealt with sustainability issues. Sycomore voted in favour of 11 of these, most of which concerned donations to Ukraine and the validation of societal responsibility reports. Sycomore voted against Amundi's climate plan because Amundi does not provide a strategy to align its portfolios on a 1.5°C trajectory with sufficient metrics and targets to assess it. Sycomore did not support Carrefour's Say on Climate either, as it lacked credibility due to the limited scope taken into account in terms of GHG emissions.

4. APPENDIX

Engagements actions have also been undertaken with the following companies investing in 2022

Title	Societal Contribution	NEC	Sustainable (Environmental or Social)	SPICE pillar engagements
ROCHE HOLDING	+87%	+0%		People and Environment
BNP PARIBAS	+12%	+0%	Non sustainable	
CASH_EUR				
NOVO NORDISK	+82%	+0%	Social	
AIR LIQUIDE	+10%	+1%	Non sustainable	People
ASTRA ZENECA	+77%	+0%	Social	
ASML HOLDING NV	+27%	+4%	Social	Investors
SCHNEIDER ELECTRIC	+37%	+13%	Environmental & Social	
L'OREAL	+1%	-5%	Social	People
HERMES	-15%	-10%	Social	
AXA	+35%	+0%	Social	
CAP GEMINI	+21%	+2%	Non sustainable	
UNILEVER PLC UK	+6%	-8%	Non sustainable	Society
NESTE	+6%	+36%	Environment	
EDP ENERGIAS	+43%	+45%	Environmental & Social	
IBERDROLA SA	+29%	+44%	Environment	
MERCK KGAA	+64%	+0%	Social	
SIEMENS HEALTHINEERS	+92%	+0%	Social	
BOLIDEN	+30%	+0%	Social	
SAINT GOBAIN	+32%	+14%	Environmental & Social	People
VEOLIA ENVIRONNEMENT	+43%	+46%	Environmental & Social	
WORLDLINE	+42%	+5%	Social	
INTESA SANPAOLO	+18%	+0%	Social	
MUNICH RE	+34%	+0%	Non sustainable	
SANTANDER	+28%	+0%	Non sustainable	
STRAUMANN	+50%	+0%	Social	
ENEL SPA	+29%	+51%	Environmental & Social	
SONOVA HOLDING AG	+77%	+0%	Social	
AUTOLIV	+35%	+3%	Social	

4. APPENDIX

Title	Societal Contribution	NEC	Sustainable (Environmental or Social)	SPICE pillar engagements
LEGAL AND GENERAL GROUP PLC	+23%	+0%	Non sustainable	
MICHELIN	+25%	+5%	Social	
DEUTSCHE TELEKOM	+40%	+0%	Social	People and Clients
SIEMENS	+47%	+20%	Environmental & Social	
COMPASS GROUP	+16%	+0%	Non sustainable	
SMURFIT KAPPA	-0%	+77%	Environment	
LVMH	-22%	-10%	Social	
LEGRAND	+31%	+12%	Environmental & Social	
DSM NV	+20%	-3%	Non sustainable	
FINECO BANK	+10%	+0%	Social	
PRUDENTIAL PLC	+51%	+0%	Non sustainable	Environment
ALCON INC	+66%	+0%	Social	
EURONEXT NV	+3%	+0%	Non sustainable	
BUREAU VERITAS	+53%	-1%	Social	
CARL ZEISS MEDITEC	+81%	+0%	Social	
SYMRISE	+12%	+4%	Non sustainable	Society, People and Investors
ORSTED	+43%	+82%	Environmental & Social	
AMUNDI	+3%	+0%	Non sustainable	
RELX	+35%	+0%	Social	
BOUYGUES	+32%	+8%	Social	People and Environment
SIG GROUP AG	+22%	+22%	Environmental & Social	
SCHRODERS PLC	-2%	+0%	Non sustainable	
INFINEON TECHNOLOGIES	+31%	+14%	Environmental & Social	People
SGS SA	+52%	-3%	Social	
ANIMA HOLDING SPA	+0%	+0%	Social	
TECHNOGYM	+21%	+0%	Social	
HUSQVARNA CL B	+10%	+0%	Social	Society and People
ASM INTERNATIONAL	+25%	+0%	Social	
RELX PLC	+35%	+0%	Social	
SIKA	+20%	+0%	Non sustainable	People and Environment
ASR	+34%	+0%	Social	
NN GROUP	+28%	+5%	Non sustainable	
CER PERP COMPAGNIE FINANCIERE	-25%	-1%	Non sustainable	

4. APPENDIX

Companies acquired during the year and removed from the portfolio at 30/12/2022

Title	SPICE pillars
Orange	People and Investors
Accor	Society and Investors
Sanofi	People
Carrefour	Society
Nestlé	Society
SAP	Society and People
Allianz	People and Environment
Korian	Investors and Clients
Adyen	People
Mister Spex	Society and Investors

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