



**STRATEGY TO EXERCISE PARTICIPATION AND  
VOTING RIGHTS CONCERNING FINANCIAL  
INSTRUMENTS OF MANAGED ASSETS  
OF EURIZON CAPITAL REAL ASSET SGR S.p.A.**

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## 1. INTRODUCTION

The investment strategy of products managed by Eurizon Capital Real Asset SGR S.p.A. (the “SGR”) is mainly geared towards selecting (i) Alternative Investment Funds (AIFs) of other management companies (*multi-managers*) with a *focus on private equity, private debt, infrastructure and real estate*, (ii) co-investments and (iii) direct investments in unlisted shares. Direct investment in the shares of listed companies is currently a marginal activity.

Pursuant to Article 35-decies of Legislative Decree 58 of 24 February 1998 (“Consolidated Finance Act” - TUF) and Article 112 of the Intermediaries Regulation adopted by CONSOB with resolution no. 20307/2018, as amended, the SGR has adopted a set of procedures and measures to:

- monitor corporate events connected with the financial instruments held in managed portfolios, where required by the characteristics of the financial instruments that incorporate rights to be exercised;
- assess the methods and times for any possible exercise of participating and voting rights, based on a cost-benefit analysis that also considers the objectives and investment policy of each managed portfolio;
- prevent or manage any conflict-of-interest situations that may arise from exercising voting rights on behalf of managed assets.

In this context, the SGR constantly monitors significant corporate events (*corporate action*) and is committed to adopting and applying this Strategy to exercise participation and voting rights concerning financial instruments of managed assets, to ensure that such rights are exercised in the exclusive interest of investors. Based on the principle of proportionality and as provided for in paragraph 3 of Article 124-quinquies of the TUF, at present the SGR does not have a formalised commitment policy to describe the procedures it adopts to supplement its commitment in a capacity as shareholder in its own investment strategy.

## 2. SCOPE

The SGR promotes engagement with the companies in which it invests and participation in relative shareholders’ meetings, according to a differentiated approach based on the significance of the issuer, related reference markets and/or the specific circumstance, according to qualitative/quantitative criteria indicated from time to time in internal regulations.

This Strategy applies to:

- UCIs set up by the SGR, including those with a management mandate, apart from specific UCIs, with a mandate contract that specifically envisages, in view of the portfolio’s characteristics and reference markets, the assignment of voting rights to the delegated manager, in order to achieve the best interests of investors; in such cases, the SGR (i) verifies the consistency of the manager’s strategy with this Strategy, to ensure that participants and/or clients receive an equivalent level of protection and (ii) makes this strategy available to investors who request it;
- UCIs managed through a mandate, if the contract specifically envisages the assignment of voting rights, and if specific information flows have been activated for monitoring managed assets; in such cases, the SGR gives the delegating company this Strategy, as well as additional information to meet transparency obligations with investors.

As regards Portfolio Management, pursuant to Article 24 of the TUF, the right to vote is only exercised in the presence of specific instructions from the investor which must (i) be given by proxy and in accordance with applicable laws and regulations in force from time to time and (ii) be received by the SGR in time, and in any case, no later than the deadline indicated in the contract.

## 3. CRITERIA AND PROCEDURES FOR PARTICIPATION AND VOTING

The SGR may participate, on behalf of managed assets, in the ordinary and extraordinary meetings of shareholders and bondholders of selected companies or of UCIs of managed AIFs, taking account of the usefulness of participating in relation to the interests of single assets and the possibility of impacting decisions regarding voting rights held, as well as any governance rights which the AIF, the investment refers to, has, under investment agreements.

With specific reference to the motivations guiding the decision to exercise intervention and voting rights, the SGR has identified the following quantitative and qualitative criteria:

- participate in the meetings of companies or UCIs in which it has significant investments, identified from time to time in company procedures, interacting, where appropriate with the investee company;
- participate in shareholders’ meetings considered relevant for the interests of managed assets in order to (i) report on situations of particular interest, in defence of or supporting the interests of minority shareholders or to (ii) support decisions referred to environmental, social and good corporate governance practices;
- contribute to electing members of the management and/or control boards;
- participate in meetings where extraordinary operations are decided if, based on the interests of managed assets, participation is necessary to support or vote against the proposed operation.

In particular, with reference to investments in unlisted companies, the decision to exercise voting rights or otherwise, is taken based on the expected effect, in both the short and long term, of the proposal on the agenda regarding the value of the investments held in the portfolios of managed AIFs. Individual voting choices are defined with the aim of supporting the best opportunities for increasing the company’s value. In this context, the SGR considers issues such as strategies, financial and non-financial results, risks and capital structure as relevant.

Under no circumstances is the SGR bound to voting trusts or block voting.

The SGR - referring to the United Nations “Principles for Responsible Investment” (UNI PRI), of which the parent Eurizon Capital SGR is a signatory - pays particular attention to the policies adopted by issuers in which it invests on behalf of managed assets, convinced that sound corporate governance policies and practices (which incorporate environmental, social and governance topics), are able to create long-term value for shareholders. In this context, to support investment decisions and the exercise of participation and voting rights, the SGR may use specialist research that also includes information on the social and environmental responsibility of issuers, in order to identify any impact in terms of reputation, competition and business opportunities arising from corporate governance choices.

The SGR may opt to not exercise a voting right in cases where the situation might not benefit the managed assets, for example:

- overall, the SGR has a marginal investment;
- it is necessary to block the availability of financial instruments for a period of time considered too long, which would influence management strategies;
- the agenda of the shareholders’ meeting does not envisage the discussion of significant topics;
- the necessary administrative costs, also considering expected procedures, are considered to outweigh the expected benefits of participation in the meeting, above all in the case of positions arising from short-term investment strategies.

### **3.1. PROCEDURES FOR EXERCISING RIGHTS CONNECTED WITH INVESTED UCIs AND SHARES OF LISTED ISSUERS**

The decision of whether or not to exercise voting rights referred to invested UCIs and any shares of listed issuers is made by the CEO/General Manager of the SGR, on the reasoned request of the Heads of the SGR’s Investment Departments.

In this regard, the Heads of the Investment Departments define proposals for voting instructions based on analyses and extensive review of public documents, the outcomes of any interaction with the companies or invested UCIs (“*engagement*”), any indications provided by *advisors* specialised in research supporting *corporate governance* decisions and in voting recommendations, as well as indications from the management unit.

The CEO/General Manager defines the vote to cast and the specific requests to make in the interests of the investors, independently of any influence from within or outside the SGR and determines the procedures for participating in the meetings.

### **3.2. PROCEDURES FOR EXERCISING RIGHTS CONNECTED WITH SHARES OF UNLISTED ISSUERS**

With reference to unlisted companies in which the SGR invests on behalf of managed AIFs, the decision on the advisability of participating in shareholders’ meetings and procedures for exercising voting rights, including the appointment of a delegated party, is taken for each meeting, by the Board of Directors of the SGR, based on information from the CEO.

In this context, also considering any agreements on the governance of the investee company, finalised on acquiring/making the investment, the Board of Directors of the SGR may identify one or more representatives to appoint, from the company boards of the investee companies, to support the investment strategies of managed AIFs, and protect the best interests of investors.

Decisions of the Board of Directors are taken, considering in particular:

- the objectives and investment policy of managed AIFs;
- the scale of the investment;
- the relevance of items on the agenda and their strategic impact on the investee company;
- the existence of any conflict-of-interest situations.

Following the decision of the Board of Directors, the CEO prepares the documentation necessary to participate in the Shareholders' Meeting and to exercise voting rights, in compliance with the decisions taken by the Board. The delegated party is given specific instructions, in time, on (i) the vote to cast, (ii) any specific requests to make in the interests of the investors, independently of any influence from within or outside the Company and (iii) determines the procedures for participation.

Lastly, the SGR promotes active engagement with the officers of the company in which it invests, encouraging effective communication, for the purpose of:

- monitoring developments in the corporate governance and sustainability of companies;
- identifying in advance any problems, and at the same time minimising potential losses in value;
- steering companies towards improvements in their practices, evaluating, only as a last scenario, the disposal of investments.

#### **4. PROCEDURE FOR THE MANAGEMENT OF CONFLICTS OF INTEREST**

The SGR has defined internal procedures that prevent the dissemination of information among various Group companies and the Parent Intesa Sanpaolo in relation to the exercise of voting rights connected with “managed” investments, i.e. within each company, among organisational units that are segregated (“Chinese walls”).

The SGR considers exercising the right to vote concerning financial instruments of managed assets issued by Group companies or by companies with whom the SGR, its significant shareholders or Group Companies have strategic relations, or in relation to whom SGR Group companies appoint or designate one or more members of the company boards to be a conflict-of-interest situation. Therefore, the SGR has adopted the “*Protocol for independence in managing conflicts of interest*” prepared by Assogestioni, with the aim of safeguarding the decision-making autonomy of the SGR in its choices concerning the provision of management services. In this context, as a preventive neutralising measure, the SGR does not exercise the right to vote concerning shares of managed assets issued by companies that are directly or indirectly parents, or in relation to whom SGR Group companies appoint or designate one or more members of the company boards. The foregoing does not rule out the possibility for the SGR to combine, where applicable, the shares of managed assets issued by these companies, in order to reach the minimum investment required by regulations in force from time to time to present lists of candidates for the election of persons to the boards of the companies in question.

With reference to procedures to exercise participation and voting rights, the SGR may delegate - for each single meeting, specialist third-party companies, giving them specific voting instructions. In any case, the SGR does not delegate Group companies or officers to exercise the right to vote concerning shares of managed assets, apart from the case of another management company, and ensures, in any event, that the delegated party exercises the right to vote in compliance with the interest of participants in the UCIs or their clients. If considered the most efficient procedure in the interest of managed assets, the SGR also uses “voting by correspondence” or “electronic voting” if contemplated by issuers.

In exercising rights regarding the choice and appointment of candidates to positions on management and/or control boards of companies or invested UCIs, representing institutional investors, the SGR observes, where applicable, the principles and criteria identified by Assogestioni's *Corporate Governance* Committee, that set out the requirements for the professionalism, good standing and independence of candidates, as well as the conditions for their ineligibility and incompatibility. In this regard, the SGR also refers to the *Corporate Governance* Code of companies listed on Borsa Italiana (the Italian Stock Exchange) and principles of international best practices.

## **5. UPDATES AND TRANSPARENCY**

The SGR periodically monitors the effectiveness of measures to exercise participation and voting rights, or if significant circumstances occur that require an amendment and/or addition, so that the definition of the conduct the SGR is committed to adopting, is updated at all times, also to take account of changes in its own organisation and the services it provides, and to maintain a high level of oversight of solutions identified to mitigate any conflicts of interest detected.

The SGR publishes this Strategy and any updates on its website [www.eurizoncapital.com](http://www.eurizoncapital.com), in the section “Company policies”.

In relation to their relevance, the SGR provides information about votes cast and the conduct adopted in exercising participation and voting rights, in the annual management report of the UCIs. In any case, the SGR formalises and keeps specific documentation with evidence of the decision-making process adopted to exercise voting rights and the reasons for the decision made.

*This document is originally written in Italian language. In case of discrepancy between the original Italian text and the present English translation, the Italian version will prevail.*