



EURIZON
ASSET MANAGEMENT

**ENGAGEMENT POLICY
OF
EURIZON CAPITAL S.A.**

July 2024

Index

INTRODUCTION.....	3
PART I – DEFINITIONS AND SCOPE	3
PART II - ORGANISATIONAL SAFEGUARDS ADOPTED BY THE COMPANY	6
INTERNAL REGULATIONS.....	6
ROLES AND RESPONSIBILITIES.....	6
BOARD OF DIRECTORS.....	7
CONDUCTING OFFICERS.....	7
INDEPENDENT DIRECTORS COMMITTEE.....	7
INVESTMENTS DEPARTMENT	7
COMPLIANCE & AML FUNCTION.....	8
PART III - MEASURES ADOPTED TO IMPLEMENT THE “ITALIAN STEWARDSHIP PRINCIPLES”	8
POLICY OF THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS.....	8
MONITORING METHODS FOR PARTICIPATING ISSUERS	9
CONSCIOUS EXERCISE OF VOTING RIGHTS	13
REPORTING	14
PART IV - UPDATES AND TRANSPARENCY	14
CONTROLS AND UPDATES	14
TRANSPARENCY	14
INTRODUCTION.....	3
PART I – DEFINITIONS AND SCOPE	3
PART II - ORGANISATIONAL SAFEGUARDS ADOPTED BY THE COMPANY	6
INTERNAL REGULATIONS.....	6
ROLES AND RESPONSIBILITIES.....	6
BOARD OF DIRECTORS.....	7
CONDUCTING OFFICERS.....	7
INDEPENDENT DIRECTORS COMMITTEE.....	7
INVESTMENTS DEPARTMENT.....	7
COMPLIANCE & AML FUNCTION.....	8
PART III - MEASURES ADOPTED TO IMPLEMENT THE “ITALIAN STEWARDSHIP PRINCIPLES”	8
POLICY OF THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS.....	8
MONITORING METHODS FOR PARTICIPATING ISSUERS	9
CONSCIOUS EXERCISE OF VOTING RIGHTS	13
REPORTING	14
PART IV - UPDATES AND TRANSPARENCY	14
CONTROLS AND UPDATES	14
TRANSPARENCY	14

INTRODUCTION

Eurizon Capital S.A. (hereinafter also "the Company") believes that high standards of governance and behaviour geared towards growth and sustainable development contribute to promote confidence in the capital market and that the role played by institutional investors, asset managers and their advisors is fundamental in the internal dialogue of the investee companies.

In particular, the Company has a fiduciary commitment aimed at protecting and creating value for its Clients and Investors, and attaches importance to the oversight of the "corporate governance" of the investee issuers and the ways in which they manage the environmental and social issues deemed most relevant to their respective businesses.

The Company's stewardship activities also aim to promote transparency, high standards of corporate governance and the adoption of practices focussed on the sustainable development of companies also contributing to consolidating trust in the capital markets.

This document represents the "*Engagement Policy*" (hereinafter the "Policy") adopted by the Company:

- Pursuant to Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies
- pursuant to Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ("Shareholders Rights II Directive"),
- pursuant to Article 23, Strategies for the exercise of voting rights, of the CSSF Regulation 10-04 (coordinated version) transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company,
- Pursuant to Section 5.5.10. Exercise of voting rights, of the CIRCULAR CSSF 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law,
- for the purposes of adopting (i) the "Stewardship Code", promoted by the European Fund and Asset Management Association (EFAMA), to encourage, at European level, the development of good corporate governance practices;
- pursuant to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector;

to describe the company's approach to promoting dialogue with the issuers in which it invests, also with a view to mitigating the main negative impacts of investment decisions on sustainability factors, integrating its commitment as a shareholder into the investment strategy.

This document comprises four sections:

- Part I outlines the scope;
- Part II identifies the organisational safeguards the Company adopts in order to monitor "external" corporate governance activities;
- Part III contains the measures implemented by the Company in carrying out engagement activities towards the investee issuers in the provision of the collective asset management and portfolio management service;
- Part IV describes the procedures and times for amending and/or integrating the Policy, and for the disclosure on the adoption of the Principles.

PART I – DEFINITIONS AND SCOPE

DEFINITIONS

1. For the purposes of this policy, the following definitions apply:

- a) "*CDP*": an independent non-profit organisation that provides companies, states, regions and cities with a framework to measure, track, manage and share information on their environmental impact globally, with the aim of promoting action to mitigate climate change.
- b) "*Client*": the subject the Company provides the investment services to.

- c) “*Climate Action 100+*” (CA100+): collective engagement initiative promoting the adoption of decarbonisation pathways by the world's largest greenhouse gas emitters, consistent with the Paris Agreement.
- d) “*Regulations on collective asset management*”:
 - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 and additional implementing measures contained in second-level Regulations and Directives;
 - Directive 2011/61/EU (AIFMD) of the European Parliament and of the Council of 8 June 2011 and additional implementing measures contained in the second-level Regulation (Articles 34 - 37 of Commission Delegated Regulation (EU) No 231/2013);
 - related national implementing regulations.
- e) “*MiFID*”:
 - Directive 2014/65/EC (MiFID II) of the European Parliament and of the Council of 15 May 2014 and additional implementing measures contained in second-level Regulations and Directives;
 - related national implementing regulations.
- f) “*National implementing regulations*”: provisions adopted in Luxembourg law for the purposes of implementing legislation on collective asset management and MiFID:
 - Law of 5 April 1993 on the financial sector, as amended,
 - Law of 30 May 2018 (coordinated version) on markets in financial instruments,
 - Grand-ducal Regulation of 30 May 2018 (coordinated version) on the protection of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits,
 - Law of 17 December 2010 (coordinated version) relating to undertakings for collective investment,
 - CSSF Regulation No 10-4 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company “as amended by CSSF Regulation No 22-05 of 27 July 2022 amending CSSF Regulation No 10-4 of 20 December 2010,
 - the CIRCULAR CSSF 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law,
- g) “*Shareholder Rights II Directive*”: Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.
- h) “*Listed investee issuer*”: a company with shares traded on a regulated market, in which the SGR holds financial instruments on behalf of managed assets.
- i) “*Collective Asset Management*”: the service that is carried out through the management of UCIs and the related risks.
- j) “*Asset managers*”: the Management Company that directly manage own assets and subjects authorised in Luxembourg in accordance with Chapter 15 of the Law of 17 December 2010 (coordinated version) alternative investment fund manager within the meaning of the Luxembourg Law of 12 July 2013
- k) “*Corporate Governance*”: the set of instruments, rules and systems aimed at achieving the best decision-making process for a company, in the interest of various categories of subjects concerned with corporate life.
- l) “*Engagement*”: benchmarking and dialogue with investees for managed assets, in order to establish a medium/long-term relationship that makes it possible to monitor significant issues, including the strategy, financial and non-financial results, as well as risks, capital structure, social and environmental impact and corporate governance.
- m) “*Institutional Investors Group on Climate Change*” (IIGCC): The European Investors Association promoting collaboration on climate change and the reduction of net greenhouse gas emissions.
- n) “*Investor*”: the person the Company provides the collective asset management service to.

- o) *"Nature Action 100"*: collective engagement initiative that encourages institutional investors to adopt best practices to combat biodiversity loss and deforestation.
- p) *"Net Zero Asset Managers Initiative"* (NZAMI): initiative promoted by an international group of asset managers committed to supporting the goal of achieving net zero greenhouse gas emissions by 2050, in line with the commitments made by the states that signed the Paris Agreement, aimed at containing the impacts of climate change and limiting the rise in temperatures to 1.5 degrees Celsius by 2050.
- q) *"Net Zero Tracker"*: public database that provides information on CO2 emission reduction targets of the 2,000 largest listed companies globally in terms of turnover.
- r) *"Industry regulations"*:
 - regulations on collective asset management;
 - MiFID.
- s) *"UCI"*: UCITS and AIFs.
- t) *"Sustainability Policy"*: the Policy on the Integration of Sustainability Risks into the Investment Process of the Company, adopted pursuant to Article 3¹ of Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability Disclosure in the Financial Services Sector (so-called "Sustainable Finance Disclosure Regulation") and the related implementing regulations, including Regulation (EU) 2020/852 (so-called "Taxonomy Regulation") on environmental sustainability.
- u) *"Principal adverse impacts of investment decisions on sustainability factor"*: refers to unfavourable repercussions caused by an investment decision or investment advice on sustainability factors such as environmental issues, social and employee matters, respect for human rights and anti-corruption and anti-bribery matters.
- v) *"Adverse Impact Indicators" or "Principal Adverse Impact Indicators" (so-called "PAIs")*: key indicators identified in Table 1 of Appendix I of Delegated Regulation (EU) 2022/1288 to assess the Main Negative Impacts of Investment Decisions on Sustainability Factors.
- w) *"Stewardship Principles"*: the principles promoted (i) by the "Stewardship Code" of the European Fund and Asset Management Association (EFAMA) to encourage, at European level, the development of good corporate governance practices and (ii) "the *Italian Stewardship Principles*" adopted by the Executive Board of Assogestioni, for companies that provide collective asset and portfolio management services, in order to encourage dialogue and engagement with the listed issuers in which they invest.
- x) *"SFDR Regulation"*: Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability reporting in the financial services sector.
- y) *"Investment services"*: the portfolio management service.
- z) *"Science Based Target Initiative" (SBTi)*: international initiative set up to support companies in defining their climate change mitigation goals in line with scientific objectives.
- aa) *"Company"*: Eurizon Capital S.A..
- bb) *"Strategy to exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets of Eurizon Capital S.A."*: the Strategy adopted pursuant to Section 5.5.10. Exercise of voting rights, of the Circular CSSF 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law.
- cc) *"Task Force on Climate-Related Financial Disclosures"* (TCFD): Task Force establishing recommendations for the disclosure of clear, comparable and consistent information on the risks and opportunities presented by climate change.
- dd) *"Task force on Nature-related Financial Disclosures"* (TNFD): initiative establishing recommendations and guidelines for transparency about impacts, risks and opportunities related to natural capital management.

¹ Financial market participants shall publish on their websites information about their policies on integrating sustainability risks into their investment decision-making processes. Financial advisors shall publish on their websites information about their policies on integrating sustainability risks into their investment or insurance advice.

- ee) “*Transition Pathway Initiative*” (TPI): free platform that provides independent research, based on public data, to assess companies' progress in the transition to a low-carbon economy.

SCOPE This Policy describes the procedures adopted by the Company in terms of engagement with the companies in which it invests, regardless of the type of asset class (so-called asset class)..

That said, with reference to shares, the Company favours dialogue and participation in Shareholder meetings of investees, based on a “targeted” approach to corporate governance, encouraging - by adopting the principle of proportionality - companies deemed “relevant” according to the qualitative/quantitative criteria indicated from time to time in internal regulations.

With regard to bond instruments, the Company acknowledges the role that stewardship activities may have, not only prior to the investment, but throughout the duration of the instrument, in line with a long-term approach. In this context, the Company analyses, among other characteristics, the issuer’s sustainability profile, the capital structure, its composition and development over time.

The Company does not intend to “micro-manage” the investee issuers nor does it preclude any decision to dispose of an interest, where this represents the most effective solution to protect the interests of Clients/ Investors.

With specific reference to the provision of the Portfolio Management Service for institutional clients, this policy applies, in compliance with applicable regulations, based on written agreements (“management mandates”) with each client.

PART II - ORGANISATIONAL SAFEGUARDS ADOPTED BY THE COMPANY

The duties of Corporate Bodies and functions involved in the adoption of the Engagement Policy are formalised in internal operating mandates and related powers of representation and are set out in the company organisation chart and organisational code, as well as in internal operating procedures.

The next sections report on:

- the procedural safeguards adopted by the Company, in implementation of sector regulations and related self-governance measures;
- the roles and responsibilities of the entities involved in the process to manage the “*corporate governance*” of investee issuers.

INTERNAL REGULATIONS

The Company adopted, in compliance with sector regulations, specific organisational measures and/or procedures aimed at ensuring, where discretionary rights have been attributed regarding the administration and voting relative to its shareholdings in investee companies, the independence and autonomy in exercising such rights. In this context, the Company has set out a specific voting strategy.

In this regard, the Company has adopted special internal procedures, suitably formalized, relating to the procedures for exercising the right to intervene and vote inherent in “managed” shareholdings and describing the safeguards put in place to ensure alignment with the provisions of EU and national regulations. Participation in Shareholders’ meetings takes place in the sole interest of managed portfolios and market integrity, with the aim of minimizing the risk of conflicts of interest. In conflict situations, the Company shall in any case act so as to ensure fair treatment, in compliance with applicable Group and Company policies.

As regards the individual portfolio management service, specific provisions in contract documentation are envisaged, to exclude the exercise of voting rights by the Company, reserving said right to managed clients.

ROLES AND RESPONSIBILITIES

The Company assigns importance to monitoring and engagement with its investee companies, as well as participation in the relevant Shareholders' Meetings.

To promote a correct adoption of its own Engagement Policy, the Company has established a framework involving the following corporate bodies and entities:

- Board of Directors;
- Conducting Officers;
- Independent Directors Committee;
- Investments Department;

- *Compliance & AML Function*;

The roles and responsibilities of the corporate bodies and entities are described in the following paragraphs.

BOARD OF DIRECTORS

The Board of Directors is responsible for managing the company and must guarantee the alignment of the company's objective with the interests of shareholders and various stakeholders.

The Board defines, with the support of the Conducting Officers, the present Engagement Policy, which establishes the procedures for:

- monitoring the corporate governance aspects of investee issuers, based on the best protection of the interest of UCIs and managed portfolios;
- managing interaction with investee issuers, with reference to significant matters concerning strategy, financial and non-financial results, risks, capital structure, social and environmental impact and corporate governance;

PARTICIPATION IN SHAREHOLDER MEETINGS IN RELATION TO THE EXERCISE OF VOTING RIGHTS. CONDUCTING OFFICERS

In the context of the Management Committee, the Company 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 Company 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.

Participation in individual meetings is authorised by the Conducting Officers of the Company, who also define (i) the vote to be cast, (ii) any specific requests to be made in the interest of investors, independently of any internal or external influence on the Company, and (iii) the methods of participation, including proxy, at individual meetings, to be given to specialised third party companies, giving explicit instructions.

INDEPENDENT DIRECTORS COMMITTEE

The independent directors on the Board of Directors of Eurizon Capital SA check the correct adoption of the principles and procedures concerning the exercise of administrative rights of financial instruments of managed assets, also with the specialist support of the Compliance & AML Function.

The Board of Directors has established the Committee of Independent Directors, which is charged with advisory and proposal duties regarding the management of conflicts of interest. The opinions expressed by the Committee of Independent Directors are not binding; any decisions of the Board of Directors not in accordance with the opinion of the Independent Directors must be adequately justified.

With specific reference to the manner of exercising of intervention and voting rights, the Committee of Independent Directors is informed by the Investment Department:

- in advance, of the Shareholders' Meetings of the most significant shareholders in which the Company intends to participate; the Company, where issues of particular interest arise, shall provide information regarding any interventions at the meetings;
- on a periodic basis, by means of a report on participation in the Shareholders' Meetings of companies whose financial instruments are present in the portfolios of the UCIs.

INVESTMENTS DEPARTMENT

The Head of Investments, with the support of the *ESG & Strategic Activism Function* of Eurizon Capital SGR S.p.A., monitors active shareholder activity, coordinating (i) the monitoring of corporate governance matters of investee issuers, based on the best protection of the interest of managed assets, (ii) the management of interaction with investee issuers, with reference to significant matters concerning strategy, financial and non-financial results, risks, capital structure, social and environmental impact and corporate governance, as well as (iii) activities prior to participation in Shareholders' Meetings in relation to the exercise of voting rights.

The Company pursues the interests of investors in the assets it manages both through investment or disinvestment choices and when exercising voting rights at Shareholders' Meetings, taking into account the usefulness of participation in relation to the interests of the assets managed. In this context, the Company's Investment Function is involved in the process of external corporate governance, and in particular:

- coordinates monitoring and *engagement* activities referred to corporate governance matters regarding significant issuers, also with the support of ESG & Strategic Activism Function of the Parent Company Eurizon Capital SGR for environmental, social and ethical matters;
- coordinates the activities related to participation in shareholder meetings regarding the exercise of voting rights for investments held by the assets managed by the Company;
- oversees the update of the voting strategy, as well as additional documentation on corporate governance, liaising with competent units, also for related disclosure;
- provides, where required, prior information to the Independent Directors Committee on participation in the Meetings of the most significant shareholders and on the manner of participation;

In this framework, the Investment Department managers are involved in the *corporate governance* process of issuers, with particular reference to:

- operational engagement activities;
- sharing information on the most significant Shareholder meetings it participates in;
- the proposed percentage of securities for participation in Shareholder meetings;
- participation with the support the *ESG & Strategic Activism Function* in defining proposals regarding voting instructions of the most significant meetings and any further indications to report during the Meeting.
- prepares periodic reports on the manner in which voting rights are exercised at shareholder meetings of the companies whose securities are present in the portfolios of the funds managed and reports on this to the Independent Directors Committee.

COMPLIANCE & AML FUNCTION

The *Compliance & AML Function* monitors the *corporate governance* process, identifying the correct adoption of the safeguards envisaged in external and internal regulations.

In particular, the *Compliance & AML Function*:

- advises and assists company entities on the adoption of regulations in company processes and activities and in the conduct to adopt, also for the purposes of managing conflicts of interest;
- verifies, on a random basis, the correct filing of documentation by the competent entities of the Company.

The *Compliance & AML Function* reports every six months to the Independent Directors Committee on controls of the correct adoption of the principles and procedures concerning the exercise of participation and voting rights for financial instruments of assets managed by the Company.

PART III - MEASURES ADOPTED TO IMPLEMENT THE “ITALIAN STEWARDSHIP PRINCIPLES”

POLICY OF THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS

As set forth in Directive 2010/43/EU (which describes the methods for implementing Directive 2009/65/EC, as regards organizational requirements, conflicts of interests, conduct of business, risk management and content of agreements entered into between a depositary and a management company) and related implementing regulations (CSSF Regulation 10-4 of December 22nd, 2010), the Company has adopted a set of procedures and measures aimed at:

- monitor corporate events related to the financial instruments held in the managed portfolio, where required by the characteristics of the financial instruments that incorporate the rights to be exercised;
- assess the methods and times for any possible exercise of participation 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 the exercise of voting rights on behalf of assets under management.

In particular, based on a cost/benefit analysis that takes into account the investment objectives and policies of the managed products, the Company has adopted preliminary and operating processes that differ for the exercise of voting rights, depending on whether the decision concerns resolutions of shareholders' meetings:

- considered more significant, based on one or more of the following criteria;
- for which the Company uses electronic voting (proxy voting).

Based on the above, the Company has defined the following criteria to identify meetings of the most significant

shareholders:

- holding significant amounts of capital, identified from time to time in company procedures;
- the presence of situations in relation to which, in the interests of managed assets, it intends (i) reporting on situations of particular interest, in defence of or supporting the interests of minority shareholders; or (ii) supporting decisions referred to environmental, social and good corporate governance practices;
- the appointment of statutory auditors or board directors of companies listed in Italy based on list voting, representing minority shareholders;
- it resolves on extraordinary transactions considered significant for the interest of managed assets, in order to support or oppose a proposed operation.

If considered the most efficient procedure in the interest of managed assets and if the above qualitative/quantitative criteria do not apply, the Company also exercises voting rights by electronic voting, if contemplated by issuers. To this end, ECSA uses an IT platform to streamline the process of exercising voting rights, with particular reference to foreign issuers.

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

- overall, the Company 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 in some countries, 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.

The Company undertakes to adopt and apply the Strategy, to ensure that participation and voting rights are exercised in the exclusive interest of investor participants

The Company monitors the effectiveness of the measures for exercising participation and voting rights and, in any case, reviews the Strategy adopted at least annually.

The Strategy and any updates are available to UCI participants, at www.eurizoncapital.com.

MONITORING METHODS FOR PARTICIPATING ISSUERS

The Company shall actively monitors corporate events related to the financial instruments in the portfolio of managed UCIs, where required by the characteristics of the instruments that incorporate the rights to be exercised.

The aim is to identify issues in advance, while minimising any potential loss of value arising from aspects related to the corporate performance of the companies in which it invests on behalf of the assets under management, as well as any significant negative impact of investment decisions on the sustainability factors identified within the individual managed products.

The main stages of the engagement activities adopted by the Company, with the support of the ESG & Strategic Activism of the Parent Company Eurizon Capital SGR are summarised below:

PREPARATION	PERFORMANCE	CLOSURE
Identification of issuers to contact also according to the "macro-themes" of interest to the Company; analysis of public material available to identify the engagement focus.	<ul style="list-style-type: none"> – The start of <i>engagement</i> activities with the identified company: exchange may take place by <i>email</i>, <i>through online</i> or <i>face-to-face</i> meetings. – Evaluation of information obtained from the issuer and evaluation of the advisability of extending engagement or of taking escalation measures. – Start of an <i>escalation</i> process 	<p>Closure of <i>engagement</i> activities if feedback is considered satisfactory.</p> <p>In the case of a negative outcome of any escalation action, the Company will evaluate the possible disposal of the assets.</p>

The Company, through its Parent Company Eurizon Capital SGR, is involved in initiatives at national and international level which promote the integration of sustainability principles in the financial sector; it participates

in work groups for the development of ESG-related best practices, and in training events and conferences, to share its experience.

In particular, the Parent Company Eurizon Capital SGR, as a signatory:

- of the United Nations’ “*Principles for Responsible Investment*” (UN PRI), it pays particular attention to the policies adopted by the issuers in which it invests assets under management, believing that sound sustainability policies and practices (covering environmental, social and governance issues) can create long-term shareholder value;
- of the *Net Zero Asset Managers Initiative (NZAMI)* and the associated long-term commitments made in relation to it, attaches importance to climate risks, energy and climate transition plans, and transparency regarding greenhouse gas emissions caused directly and indirectly by investee companies, especially with regard to the most polluting sectors.

In this context, the Company has also adopted a methodology for the selection of financial instruments which takes into account the principles the *Environmental, Social and Governance* (ESG) factors and principles of *Sustainable and Responsible Investments* (SRI). These strategies, intended to integrate sustainability risks in the Investment Process for managed assets, are governed in the “*Eurizon Capital S.A. Sustainability Policy*”, of which a summary is available on the Company’s website.

Indeed, the Company believes that environmental, social and corporate governance factors have an impact on portfolio performance, and that the adoption of ESG and SRI criteria can contribute to improve the ability to respond more effectively to Clients’/Investors’ expectations, aligning investment activities with the broader interests of issuers.

The escalation process and related restrictions are applied to all actively managed products, both benchmark and flexible.

In fact, the Company believes that environmental, social and corporate governance factors impact portfolio performance, and that the adoption of ESG and SRI criteria can contribute to improving the ability to respond more effectively to Clients’/Investors’ expectations, aligning investment activities with the wider-ranging interests of issuers.

To this end, the Company gives priority to establishing a constructive dialogue with investee issuers concerned with the following macro-issues, covering all industrial sectors:

- climate change mitigation and adaptation;
- biodiversity loss mitigation and offsetting deforestation;
- respect for human rights, and combating the production of non-conventional weapons;
- good corporate governance practices.

For each of these, the Company encourages investee companies to improve their processes by considering - where appropriate - the definition of suitable corrective actions. For the purposes of comparison with investee issuers, the Company considers the activities carried out by issuers and their alignment with the provisions of the Taxonomy Regulation on environmental sustainability. In order to optimise its engagement initiatives, the Company reserves the right to assess the materiality of additional areas of interest, also depending on the sector to which the issuing companies belong, such as, for example, gender diversity and aspects of cybersecurity, including the use of Artificial Intelligence tools.

CLIMATE CHANGE MITIGATION AND ADAPTATION

The Company considers that institutional investors should analyse companies and related sectors in order to assess their energy transition potential, with the aim of exercising participation and voting rights in an informed, consistent manner.

To mitigate the impact of investments on the climate, the Company’s Sustainability Policy envisages specific exclusions or restrictions for² issuers operating in sectors considered “not responsible”, providing for specific *engagement* processes with companies that have a greater exposure, also with the aim of ensuring that no new projects are started, and that the gradual *phase out* of these activities is monitored. The *ESG & Strategic*

² The exclusions are applied to all active management products, while in the case of Limited Tracking Error products and index-linked products (with the exception of those that specifically integrate ESG factors), the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark.

Activism Function of the Parent Company Eurizon Capital SGR monitors engagement initiatives aimed at establishing a constructive dialogue with the issuers identified, notifying the results to the ESG Committee.

Lastly, the Company, with the support of the *ESG & Strategic Activism* Function of the Parent Company Eurizon Capital SGR, encourages investee issuers operating in the Energy sector, in particular "Oil & Gas" and "Electric Utilities" companies, (i) to adopt and publish targets to reduce greenhouse gas emissions including methane emissions, both in the short- and medium-term, according to strategies in line with the Paris Agreement; (ii) to commit to gradually reducing (so-called 'phase-down') the production and use of fossil fuels such as coal, oil and natural gas/methane until these activities are phased out (so-called 'phase-out'); (iii) to adopt and publish information on own investment plans and provide periodic progress reports; (iv) to present their transition plans to the shareholders at Annual General Meetings (so-called 'Say on Climate' vote).

BIODIVERSITY LOSS MITIGATION AND FIGHTING DEFORESTATION

Companies can generate negative impacts on biodiversity and ecosystems, including through their own value chains, by contributing to (i) land and sea exploitation resulting from deforestation, conversion for agriculture and aquaculture; (ii) climate change brought about by pollution; (iii) the spread of invasive species; and (iv) unsustainable fishing, hunting and farming practices that can adversely affect animal and plant populations.

Land use, including deforestation, is among the most significant drivers of biodiversity loss also due to increased emissions of carbon dioxide and other greenhouse gases.

The Company encourages issuers to take measures to counter biodiversity loss and deforestation by promoting (i) transparency in the sourcing and use of raw materials, (ii) the adoption of circular economy practices and reuse of materials, and (iii) continued commitment to more sustainable standards, including with respect to the supply chain.

In dealing with investee issuers, the Company encourages:

- the adoption by issuers in risk sectors, of effective strategies and policies to preserve biodiversity that include the involvement of management and corporate bodies;
- the presence of due-diligence processes of the company's supply chain, including how it collaborates with stakeholders and/or participates in industry-relevant initiatives;
- investment in research and development aimed at conserving and mitigating biodiversity loss;
- transparency both on commitments made, including to local communities, and in the presence of any disputes.

In this regard, the Company encourages companies to disclose information about their impact on nature and ecosystems, in line with the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD).

Consistent with the Parent Company's membership in the Nature Action 100 collective engagement initiative, the Company is committed to requiring identified companies:

- an explicit corporate commitment to mitigating biodiversity loss and protecting ecosystems;
- assessment and reporting of biodiversity-related impacts, risks and opportunities, including along the respective value chains;
- to communicate (i) time-bound targets, specific to the operating context, for reducing risks and exploiting opportunities related to natural capital, and to publish annual progress against stated targets, (ii) the plan to achieve them, and (iii) progress achieved;
- review by their respective oversight bodies of matters pertaining to biodiversity conservation and preservation and management's assessment and management of nature-related dependencies, impacts, risks and opportunities;
- engagement with Stakeholders to create an environment conducive to the implementation of identified plans and the achievement of set goals.

RESPECT FOR HUMAN RIGHTS, AND COMBATING THE PRODUCTION OF NON-CONVENTIONAL WEAPONS;

In line with the United Nations' Sustainable Development Goals, the Company encourages issuers to develop policies and practices aimed at an effective management of their own human capital. The companies are required to protect worker health and safety throughout the production chain and to commit to fostering a

company culture that ensures good health and safety practices, putting in place a clear management system for monitoring, and if necessary, adopting corrective measures.

The Company expects issuers to implement *due diligence* processes to prevent and mitigate risks related to human capital management, including the violation of fundamental human rights, including in the supply chain.

With regard to compliance with international human rights standards, the Company encourages its investee companies to adopt corporate policies on respect for human and labour rights and welcomes the adoption of internationally recognised human rights principles.

With regard to the production of unconventional weapons, the Company's Sustainability Policy provides for specific exclusions or restrictions for issuers that are clearly involved directly in the manufacture of non-conventional weapons.

The Company may start engagement with issuers, with the aim of further reviewing their compliance with international treaties and national laws. Based on information obtained, the Company evaluates the feasibility of starting escalation processes.

GOOD CORPORATE GOVERNANCE PRACTICES

The Company believes that issuers who adopt robust corporate governance practices are able to manage corporate risks more efficiently. For this reason, it promotes a constructive approach with companies it invests in and is aware of the importance of dialogue in corporate governance practices. The Company has therefore adopted principles of conduct to observe when evaluating proposals on the agenda of key shareholder meetings, taking into account market best practices.

As part of its monitoring activities, the Company also requests listed investee issuers and their advisors to ensure that any information which could compromise the ability to trade the financial instruments of such issuers are not disclosed without prior consent.

The Head of Investments monitors, also with the support of the ESG & Strategic Activism structure of the outsourcer Eurizon Capital SGR, the evolution of the performance, corporate governance and sustainability of the participated companies, in order to evaluate the activation of a comparison with the representatives of the companies invested. The purpose of this interaction is to identify any problems in advance and minimize, at the same time, potential losses in value.

In this context, the monitoring activity is complementary both to the analysis of investments and to the exercise of voting rights because it makes it possible to address specific governance concerns of issuers, avoiding, in the first instance, to assess the disposal of the shareholding or voting against it.

CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

In line with the provisions of Delegated Regulation (EU) 2022/1288, the assessment of the Principal Adverse Impacts of investment decisions on sustainability factors and the definition of possible measures to mitigate them are an integral part of Eurizon's approach to sustainability.

In this context, the Company has a specific framework that defines how Principal Adverse Impact indicators are taken into account within the assets under management, in accordance with the SFDR implementation rules and in line with the sustainability risk integration strategies adopted for each product.

The following table shows the mapping of the Principal Adverse Impact indicators taken into account in the dialogue with investee companies:

PRINCIPAL ADVERSE IMPACT INDICATORS ON SUSTAINABILITY FACTORS	"MACRO-THEMES" IDENTIFIED BY THE COMPANY			
	MITIGATION OF AND ADAPTATION TO CLIMATE CHANGE	MITIGATION OF BIODIVERSITY LOSS	RESPECT FOR HUMAN RIGHTS AND FIGHT THE PRODUCTION OF UNCONVENTIONAL WEAPONS	GOOD CORPORATE GOVERNANCE PRACTICES
Greenhouse gas emissions	●			
Biodiversity		●		
Water		●		
Waste		●		
Indicators on social and employees matters			●	●

Within the framework of Principle No. 3, the SGR defines when and how to intervene and the related escalation processes to be activated in the event of an unsatisfactory outcome of dialogue activities.

Lastly, it is reported that the Company publishes the mitigation actions adopted in the "*Principal Adverse Sustainability Impacts Statement of Eurizon Capital SGR S.P.A. and Its Subsidiaries*" made available on the Company website.

COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS:

In addition, the Company can activate a further process of comparison with its participated companies, promoting, for example, joint collaboration with other institutional investors.

The Company recognises the benefits that may derive from the activation of forms of collective engagement with other investors. In particular, the Company assesses this solution when it considers it the most effective choice to improve communication with issuers. This may occur in the event of significant corporate events or issues of public interest.

Any method of collective engagement is conducted in compliance with internal and external regulations on the management of conflicts of interest and on insider information (market abuse), paying particular attention to regulations on concerted action.

In addition, the Company may collectively carry out monitoring, participation and engagement activities also through participation in the activities of the Corporate Governance Committee and the Committee of Managers promoted by Italian industry association Assogestioni.

CONSCIOUS EXERCISE OF VOTING RIGHTS

The Company adopts a "targeted" approach to corporate governance by participating in the Shareholders' Meetings of selected companies with shares listed on the Italian Stock Exchange and international markets, taking into account the usefulness of participating in the interests of the assets under management and the possibility of influencing decisions in relation to the voting shares held.

Participation in the Shareholders' Meetings of other companies is in any case envisaged if significant amounts of capital are held or is considered significant in the interest of the assets managed.

The Head of Investments defines the proposals relating to voting instructions on the basis of the analyses and in-depth analyses carried out on public documents, the results of any interaction with the issuing company, the indications provided by advisors specialised in research to support corporate governance decisions and voting recommendations, as well as the indications provided by the relevant Managers.

To support its investment decisions and the exercise of its participation and voting rights, the Company may also use the services of a voting consultant (*proxy advisor*, to streamline - in accordance with the principle of proportionality - the analyses preparatory to the definition of voting instructions. Recommendations made by this advisor are not binding and the Company undertakes to make, in the best interest of managed assets, voting decisions that differ from both proxy advisor's and investee's management recommendations. In any case, the Company actively liaises with its advisor, to avoid any risk of over-reliance.

The Company pay particular attention to the policies adopted by the issuers in which it invests, in the belief that sound corporate governance policies and practices (which incorporate environmental, social and governance issues) are able to create value for shareholder in the long-term. In this context, in support of investment decisions and the exercise of participation and voting rights, the Company has adopted specific methodologies to select financial instruments which take account of the Environmental, Social and Governance (ESG) factors and principles of Sustainable and Responsible Investments (SRI).

The Company considers exercising the right to vote concerning financial instruments of managed assets issued by group companies or by companies with whom the Company, its significant members or group companies have strategic relations or in relation to which group companies of ECSA appoint one or more members of corporate bodies as a conflict of interest. Therefore, the Company has adopted the *Protocol of Autonomy* for the management of conflicts of interest prepared by Assogestioni with the aim of safeguarding the Company's decision-making autonomy in its choices concerning the provision of management services. In this context, as a preventive measure to neutralise the same, the Company 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 ECSA Group companies appoint or designate one or more members of the company boards. The Company may still aggregate shares of managed assets issued by these companies in order to reach the

minimum quota of holdings required by the regulations in force for presenting lists of candidates for the renewal of the corporate positions in question.

With reference to procedures to exercise participation and voting rights, ECSA may delegate - for each single meeting, specialist third-party companies, giving them specific voting instructions. In any case, ECSA 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.

REPORTING

The Company provides on its website the "*Engagement Policy*" and the "*Voting Procedure for financial instruments of managed assets of Eurizon Capital S.A.*" showing its commitment to high standards of external corporate governance.

In addition, the Company provides transparent disclosure of activities to exercise participation and voting rights through:

- its *website*, publishing information at regular intervals participation in the Shareholders' Meetings and on the engagement, with reference to companies whose securities are present in the portfolios of the managed UCIs;
- the Report on the management of the UCIs, in which details on the vote cast and conduct adopted.

These documents include both qualitative and quantitative information.

The Company attaches importance to formalising the documentation necessary to ensure complete traceability of the decision-making process adopted to exercise participation and voting rights and engage with the issuers.

The updating of the Engagement Policy is carried out by the Head of Investments, who is supported by the Company's and Parent Company's competent structures.

The Compliance & AML Function periodically checks the correct application and effectiveness of the measures adopted by the Company for the purposes of implementing the regulations in force from time to time.

PART IV - UPDATES AND TRANSPARENCY

CONTROLS AND UPDATES

The Engagement Policy is periodically revised, or if significant circumstances occur that require an amendment and/or addition, so that the definition of the conduct the Company 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.

Proposals to amend the Policy are monitored by Investments Department in coordination with the Compliance & AML Function in order to assess the consistency of the methodologies adopted by the Company in relation to developments in national and international best practices.

TRANSPARENCY

In compliance with indications in applicable regulations, the Company makes this Policy available to Clients/investors and other stakeholders, and any significant amendment to the same, at www.eurizoncapital.com.