



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

RUGULATION

APPROVING BODY	TYPE OF ACTION	EFFECTIVE DATE
Board of Directors	Update	March 2024

UNIT RESPONSIBLE FOR THE DOCUMENT

ESG & Strategic Activism

RECIPIENTS

Eurizon Capital SGR S.p.A.

REGULATIONS PERTAINING TO SENSITIVE AREAS RELATED TO LEGISLATIVE DECREE no 231/01	NORMS/PROCESSES RELEVANT TO FINANCIAL REPORTING RISK (LAW no 262/05)
Yes	No

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INTRODUCTION

Eurizon Capital SGR S.p.A. (hereinafter also referred to as 'the SGR' or 'the Company') believes that high standards of governance and behaviour geared towards growth and sustainable development contribute over time to greater confidence in the capital markets and that the role of institutional investors, asset managers and advisors is fundamental to the quality of the dialogue with investee companies.

In particular, the SGR has a fiduciary duty to protect and enhance the value of its Clients and Investors and attaches importance to monitoring the “corporate governance” of investee issuers and the ways in which they manage the environmental and social issues deemed most relevant to their respective businesses.

Indeed, the Company's stewardship activities aim to promote transparency, the achievement of high standards of corporate governance and the adoption of practices geared towards sustainable development, while also contributing to consolidate confidence in the capital markets.

To this end, in 2014 the SGR adopted the "*Italian Stewardship Principles*"¹ defined by Assogestioni (hereinafter the 'Principles'), which aim to provide a set of best practices to promote responsible share ownership by its members and to encourage effective integration between the corporate governance of issuing companies and its own investment process. These Principles are 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.

The present document represents the “Engagement Policy” (hereinafter the “Policy”) adopted by Eurizon Capital SGR:

- 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 124-quinquies of Legislative Decree no. 58 of 24 February 1998 (“Consolidated Finance Act” - TUF), which governs the ways in which asset managers monitor investee companies and engage with them,
- 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 and (ii) the “*Italian Stewardship Principles*” and related Recommendations on best practices, defined by Assogestioni, and
- 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 contains the definitions of some recurrent terms in the document and outlines the scope;
- Part II identifies the organisational safeguards the SGR adopts in order to monitor “external” corporate governance activities;
- Part III contains information on the correct adoption of the “*Italian Stewardship Principles*” 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 to Assogestioni on the adoption of the Principles.

¹ The principles defined by Assogestioni are aligned with those contained in the EFAMA Code for External Governance approved by the European Fund and Asset Management Association (EFAMA) in which Assogestioni participates and of which Eurizon Capital SGR is also a member.

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 SGR 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 Italian law for the purposes of implementing legislation on collective asset management and MiFID:
 - Legislative Decree 58 of 24 February 1998 (“TUF”), as last amended: Articles 24 (portfolio management) and 35-decies (collective asset management);
 - Bank of Italy Regulation on collective asset management of 19 January 2015, as last amended (“Regulation on collective asset management”);
 - Bank of Italy Regulation of 5 December 2019, enacting Articles 4-undecies and 6,(1)(b) and (c-bis) of the TUF, as last amended (“Bank of Italy Regulation”); Article 34;
 - CONSOB Regulation no. 16190 of 29 October 2007 as amended, with provisions implementing the TUF on intermediaries (“Intermediaries Regulation”).
 - 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 SGRs, SICAVs and SICAFs that directly manage own assets and subjects authorised in Italy to provide the service indicated in Article 1(5)(d) of the TUF (“Portfolio Management”).
 - 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 SGR 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 SGR, adopted pursuant to Article 3² 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) “*Recommendations*”: the “second level” indications defined by Assogestioni on proposal of the *Corporate Governance* Committee, in order to identify a series of *best practices* functional to adopting a conduct that is consistent with the contents of the Principles.
- y) “*SFDR Regulation*”: Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability reporting in the financial services sector.
- z) “*Investment services*”: the portfolio management service.
- aa) “*Science Based Target Initiative* (SBTi): international initiative set up to support companies in defining their climate change mitigation goals in line with scientific objectives.
- bb) “*SGR*”: Eurizon Capital SGR S.p.A.
- cc) “*Strategy to exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets of Eurizon Capital SGR S.p.A.*”: the Strategy adopted pursuant to Article 35-decies of the TUF and Article 112 of the Intermediaries’ Regulation (hereinafter also the “Voting strategy”).

² 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.

- dd) “*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.
- ee) “*Taskforce on Nature-related Financial Disclosures*” (TNFD): initiative establishing recommendations and guidelines for transparency about impacts, risks and opportunities related to natural capital management.
- ff) “*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 SGR in the provision of collective asset management and portfolio management services, and promotes engagement with the companies in which it invests, regardless of the type of asset (so-called asset class).

That said, with reference to instruments of an equity nature, the SGR favours dialogue and participation in Shareholders' Meetings of investee companies, according to a “targeted” approach to corporate governance, encouraging - by adopting the principle of proportionality - companies deemed 'relevant', according to qualitative/quantitative criteria specified from time to time in internal regulations.

With regard to bond instruments, the SGR 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 SGR does not intend to “micro-manage” the affairs of investee issuers nor does it preclude any decisions to sell a shareholding, 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 SGR

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 SGR, 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

Eurizon Capital SGR and its directly-held subsidiaries that provide collective investment management and/or portfolio management services have 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 SGR has set out a specific voting strategy.

In this regard, the SGR has adopted specific internal procedures, which are suitably formalised, on the exercise of participation and voting rights attached to “managed” investments and which describe the safeguards in place to guarantee alignment with EU and national regulations.

Participation in Shareholders’ meetings takes place in the sole interest of managed portfolios and market integrity, with the aim of minimising the risk of conflicts of interest. In conflict situations, the SGR shall in any case act so as to ensure fair treatment, in compliance with applicable Group and Eurizon Capital SGR 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 and/or its subsidiaries, reserving said right to managed clients.

ROLES AND RESPONSIBILITIES

The SGR attaches importance to monitoring activities and engagement with its investee companies, as well as participating in their Shareholder meetings.

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

- Board of Directors;
- Chief Executive Officer and General Manager;
- Environmental, Social and Governance Committee (so called “ESG Committee”);
- Independent Directors Committee;
- Investments Division including the *ESG & Strategic Activism Entity*;
- Operational Governance 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 defines, based on proposals put forward by the CEO and General Manager in the context of the “*Environmental, Social and Governance Committee*” (the “ESG Committee”), this 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.

Lastly, the Board of Directors periodically monitors the correct implementation of the SGR's Engagement Policy.

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

The Chief Executive Officer and General Manager, assisted by the "ESG Committee", formulates proposals to put to the Board of Directors on the definition and subsequent updating of this Engagement Policy and periodically monitors the correct implementation, using reporting prepared by the *ESG & Strategic Activism* Entity.

The Board of Directors has given the Chief Executive Officer and General Manager the power to participate or delegate its participation in ordinary and extraordinary meetings of shareholders and/or bondholders of companies whose securities are held in managed portfolios. In this framework, it authorises participation in Shareholders' Meetings, also defining (i) the procedures for exercising voting rights, (ii) the vote to cast in the most significant Meetings and (iii) any specific indications to report during the Meeting, according to the procedures described in the Voting Strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

This Committee is an advisory body, assisting the Chief Executive Officer and General Manager (i) in defining proposals to put to the Board of Directors on the Engagement Policy (ii) in periodically monitoring the Policy, using reporting prepared by the *ESG & Strategic Activism* Entity.

INDEPENDENT DIRECTORS COMMITTEE

Independent Directors are given specific powers of control and action, to assess procedures for exercising participation and voting rights, in the case of conflicts of interest. To this end, they carry out their own assessments and provide opinions on the:

- matters specifically assigned to them by the Assogestioni Independence Protocol and by related internal procedures;
- additional potential conflict of interest situations identified by them;
- matters submitted to them by at least two members of the Board of Directors.

The Board of Directors has set up the Independent Directors Committee, which has advisory duties regarding the management of conflicts of interest. The opinions expressed by the Independent Directors Committee are not binding; any decisions of the Board of Directors that do not conform to the opinion of the Independent Directors must be adequately justified.

With specific reference to the procedures to exercise participation and voting rights, the Independent Directors Committee is notified by the *ESG & Strategic Activism* Entity:

- in advance of Meetings of the most significant shareholders the SGR intends participating in; in the case of matters of particular interest, the SGR provides information on meeting proceedings, if applicable;
- periodically, through information on participation in the Meetings of shareholders of companies whose financial instruments are included in the portfolio of UCIs.

ESG & STRATEGIC ACTIVISM ENTITY

The *ESG & Strategic Activism* Entity, which is part of the Investments Department, 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 Shareholder meetings regarding the exercise of voting rights.

To this end, the unit comprises a (i) *Corporate Governance* section, and a (ii) *Sustainability* section.

Corporate Governance:

- coordinates monitoring and engagement activities referred to corporate governance matters regarding significant issuers, also coordinating with the managers of the Investments Department, and with the Sustainability unit, 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 maintenance of the voting strategy, as well as additional documentation on corporate governance, liaising with competent units, also for related disclosure;
- takes part in the Assogestioni Managers Committee, along with any other representatives indicated by the Investments Department representing portfolio managers;
- 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;
- 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.

Sustainability oversees the following activities:

- coordinates with the *Corporate Governance* Entity in monitoring and *engagement* activities on material issues, with particular reference to environmental and social issues, including mitigating major negative effects of investment decisions on sustainability factors that may be identified in the context of managed products, in accordance with ESG / SRI strategies adopted from time to time;
- identifies and adopts collective engagement initiatives on environmental and social issues;
- supports the activity of the ESG Committee and prepares relevant reports;
- assists the Chief Executive Officer and General Manager in updating the Sustainability Policy.

INVESTMENTS DEPARTMENT

The SGR pursues the interests of investors in the assets it manages, not only as regards investment or divestment choices, but also for exercising participation and voting rights, taking account of the usefulness of participating in relation to the interests of each asset managed. 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;
- participating in the Assogestioni Managers Committee;
- the proposed percentage of securities for participation in Shareholder meetings;
- participation - supporting the *ESG & Strategic Activism* Entity - in defining proposals regarding voting instructions of the most significant meetings and any further indications to report during the Meeting.

OPERATIONAL GOVERNANCE DEPARTMENT

The Operational Governance Department manages administrative activities related to the exercise of voting rights. In particular, the Department:

- where appropriate, prepares documentation necessary to participate in Shareholder meetings (CEO and General Manager proxies for the SGR's representative, required from the Custodian of meeting invitations and/or certification for filing candidate lists to renew corporate boards, etc.);
- files documentation produced in specific *dossiers*.

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;
- supported by results of audits conducted by the *ESG & Strategic Activism* Entity, it further assesses any conflict-of-interest situations attributable to (i) the candidates identified by the Assogestioni Managers Committee, for the renewal of the corporate boards of listed Italian companies, representing minority interests and ii) investees;

- verifies, on a random basis, the correct filing of documentation by the competent entities of the SGR.

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”

The measures put in place by the SGR in order to adopt a conduct in line with the recommendations indicated by Assogestioni for implementing the “*Italian Stewardship Principles*” in the context of the provision of collective asset management and portfolio management services are reported below.

PRINCIPLE 1 - THE SGR SHALL ADOPT A DOCUMENTED POLICY

MANAGEMENT COMPANIES SHALL ADOPT A DOCUMENTED POLICY, MADE AVAILABLE TO THE PUBLIC, THAT SETS OUT THE STRATEGY TO EXERCISE RIGHTS CONCERNING FINANCIAL INSTRUMENTS OF MANAGED PORTFOLIOS AND UCIS.

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

Pursuant to Article 35-decies of the TUF and Article 112 of the Intermediaries Regulation, the SGR has made a specific Voting strategy available to investors. This Strategy defines 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 of voting rights on behalf of managed assets.

Specifically, the Strategy defines the procedures adopted to:

- monitor listed investee issuers, also through active engagement;
- manage conflict of interest situations;
- prevent the circulation of information among various Group companies and the Parent Company (so-called “*Chinese Wall*”);
- designate persons responsible for decisions regarding the methods to exercise voting rights;
- engage with investee issuers, independently and cooperating with other investors, also through specific initiatives undersigned by the SGR;
- exercise voting rights, through proxies assigned to specialist companies, and through “electronic voting” if envisaged by issuers.

In particular, based on a cost/benefit analysis that takes into account the investment objectives and policies of the managed products, the SGR 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 quantitative and qualitative criteria;
- for which the SGR uses electronic voting (*proxy voting*).

Based on the above, the SGR has defined the following quantitative and qualitative 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 qualitative/quantitative criteria do not apply, the SGR also exercises voting rights by electronic voting, if contemplated by issuers. To this end, the SGR uses an IT platform to streamline the process of exercising voting rights, with particular reference to foreign issuers.

The SGR reserves the right not to 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 in some countries, are considered to outweigh the expected benefits of participation in the meeting, above all in the case of short-term investment strategies.

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

The SGR monitors the effectiveness of measures to exercise participation and voting rights and, in any case, reviews the Voting strategy at least annually. The Strategy and any updates are available to UCI participants, at www.eurizoncapital.com.

PRINCIPLE 2 - THE SGR SHALL MONITOR INVESTEE ISSUERS

MANAGEMENT COMPANIES SHALL MONITOR LISTED INVESTEE ISSUERS.

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

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

The SGR encourages dialogue and participation in Shareholder Meetings of selected companies with shares listed on Borsa Italiana and on international markets, adopting a “targeted” approach to corporate governance, taking into account the usefulness of participating in the interests of managed assets, also based on the single reference markets and/or the specific circumstance, and the possibility of influencing decisions in relation to the voting rights held. For this purpose, the SGR periodically identifies, via the *ESG & Strategic Activism* Entity, the priority issues to focus on in *engagement* with investees, also taking into account the results of such activities in the previous year.

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 SGR with investee issuers are summarised below:

PREPARATION	EXECUTION	CLOSURE
Identification of issuers to be contacted, also according to the "macro-themes" of interest to the SGR; analysis of available public material to identify the focus of the dialogue.	<ul style="list-style-type: none"> – Start of <i>engagement</i> activities with the identified company: exchange may take place by <i>email</i>, <i>through online</i> or face-to-face meetings. – Evaluation of information obtained from the issuer and assessment of the advisability of extending engagement or of taking escalation measures. – Start of an <i>escalation</i> process³. 	<p>Conclusion of <i>engagement</i> activities if feedback is considered satisfactory.</p> <p>In the event of a negative outcome of any escalation action, the SGR will consider divesting the assets.</p>

The SGR is actively 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, 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.

The Company has therefore adopted specific methodologies for the selection of financial instruments which take account of the Environmental, Social and Governance (ESG) factors and principles of Sustainable and Responsible Investments (SRI). These strategies, which aim to integrate sustainability risks into the Investment Process for assets under management, are governed by the “*Eurizon Capital SGR S.p.A. Sustainability Policy*”, of which a summary of which is available on the Eurizon Capital SGR’s website.

Indeed, the SGR 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

³ The escalation process is described under Principle 3 of the Engagement Policy.

respond more effectively to Clients'/Investors' expectations, aligning investment activities with the broader 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 fighting deforestation;
- respect for human rights, and combating the manufacture of unconventional weapons;
- good corporate governance practices.

For each of these, the Company encourages the 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 SGR 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.

A) CLIMATE CHANGE MITIGATION AND ADAPTATION

The SGR believes that institutional investors are called upon to analyse companies and their sectors in order to assess their potential for energy transition, with the aim of exercising their intervention and voting rights in an informed and consistent manner.

In order to assess a company's degree of alignment with the 'Net Zero' scenario, the SGR uses the 'Net Zero Investment Framework' (NZIF) methodology promoted by the IIGCC, which takes into account the following criteria:

- '*Ambition*': the presence of public declarations of intent to reach the target of net zero direct and indirect emissions (so-called 'Scope 1' and 'Scope 2')⁴ by 2050;
- "*Target*": the publication of short- and medium-term targets to reduce own emissions ('Scope 1' and 'Scope 2');
- "*Emission Performance*": publication of the level of direct and indirect greenhouse gas emission reductions ('Scope 1' and 'Scope 2') compared to the defined targets;
- "*Transparency*": publication of its emission levels;
- "*Decarbonisation Strategy*": the adoption of a decarbonisation strategy;
- "*Capital Allocation*": the consistency of capital expenditure with the goal of achieving a "*Net Zero*" scenario.

In line with the commitments made when joining NZAMI, the SGR prioritizes carrying out engagement activities with companies considered to be lagging behind in the decarbonization process (so-called "laggards"), also relying on:

- public disclosures made by investee companies regarding their strategies to decarbonise and the R&D projects they have undertaken;
- third-party studies and assessments such as the "Transition Pathway Initiative" (TPI), "Climate Action 100+" (CA100+), "Science Based Target Initiative" (SBTi) and "Net Zero Tracker".

Discussions with issuers are intended to deepen the information gathered, address any critical issues, monitor progress and, more generally, foster transparency in the dialogue.

The SGR believes that engagement with investee companies is most effective when it is designed to build a long-term relationship, establishing an ongoing and constructive dialogue with the aim of monitoring the companies' commitments over time. For this reason, by 2025 and 2030, the SGR aims to engage with companies that account for 70% and 90% of the emissions financed by its 'portfolio in scope' (i.e. the portion of its assets that is determined from time to time to be managed in line with the carbon neutral scenario) under the NZAMI, respectively, in order to incentivise them to pursue decarbonisation pathways for their operations and to progressively move towards the net zero emissions scenario.

⁴ Indirect "scope 3" emissions will be considered subsequently, based on the availability of data.

In order to mitigate the impact of investments on the climate, the SGR's sustainability policy provides for specific exclusions or restrictions for issuers operating in sectors deemed not to be “*responsible*”, and for specific engagement processes with companies characterised by higher exposure, also with the aim of verifying that no new projects are launched and monitoring the gradual 'phasing out' of such activities. The ESG & Strategic Activism unit oversees engagement initiatives aimed at establishing a constructive dialogue with identified issuers and reports the results to the ESG Committee.

The SGR encourages investee issuers operating in the Energy sector, in particular "Oil & Gas" and "Electric Utilities" companies, (i) to adopt and publish targets for the reduction of greenhouse gas emissions (of Scope 1, 2 and 3), including methane emissions, both in the short and medium term, according to trajectories in line with the Paris Agreement; (ii) to undertake to gradually reduce (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 their investment plans and periodic progress reports; (iv) to present their transition plans to the shareholders at Annual General Meetings (so-called 'Say on Climate' vote).

In this context, the SGR assesses the credibility of the transition plans of fossil fuel companies by analysing the completeness and information provided on (i) absolute and/or relative greenhouse gas emission reduction targets (direct and indirect emissions, including scope 3 emissions), (ii) the expected evolution of the energy mix, (iii) investment plans broken down by activity and split between maintenance and development, (iv) the use of carbon capture and offsetting technologies.

B) BIODIVERSITY LOSS MITIGATION AND FIGHTING DEFORESTATION

Businesses can have negative impacts on biodiversity⁵ and ecosystems, including through their own value chains, by contributing to (i) land and sea exploitation from deforestation, conversion for agriculture and aquaculture; (ii) climate change caused by pollution; (iii) the spread of invasive species and (iv) unsustainable fishing, hunting and farming practices that may adversely affect animal and plant populations.

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

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

In this context, the ESG & Strategic Activism unit has defined an internal screening methodology, inspired by the principles contained in the Kunming-Montreal Global Biodiversity Framework (or 'GBF'), which aims to identify issuers that may have a negative impact on biodiversity (i) due to the location of their production sites near sensitive areas and fragile ecosystems, or (ii) due to their own activities. The objective of this methodology is to provide an assessment of the potential exposure of investee companies to issues related to the use of ecosystems and the associated potential loss of value. In this context, the SGR aims to identify companies with the potential to cause negative impacts on biodiversity in order to prioritise its engagement activities towards those with the greatest exposure to the above criteria.

In the context of its dealings with investee issuers, the SGR encourages:

- the adoption of effective biodiversity conservation strategies and policies by issuers in high-risk sectors⁶, including the involvement of senior management and boards;
- the presence of *due diligence* processes in the company's supply chain, which includes procedures for engagement with *stakeholders* and/or participation in sectoral initiatives;
- investment in research and development aimed at conserving and mitigating biodiversity loss;
- transparency of commitments made, also with local communities, and in the event of disputes.

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

⁵ Biodiversity is defined as the *variety of living organisms of any origin, including terrestrial, marine and other aquatic ecosystems and the ecological systems that are part of them; it includes the diversity of species, including the species of ecosystems*" (Source: Convention on Biological Diversity).

⁶ Such as, by way of example: agriculture, fisheries and aquaculture, food, beverages and tobacco, forestry, thermal utilities, construction, electricity, water services, supply chains and transport, chemical industry, civil aviation, real estate, mining and metals, retail consumer goods, oil and gas, automotive, healthcare, electronics, insurance and capital management, banking and digital communication.

In line with joining the Nature Action 100 collective engagement initiative, the SGR commits to seek explicit corporate commitments from the identified companies:

- an explicit corporate commitment to mitigate biodiversity loss and protect ecosystems;
- assess and report on biodiversity impacts, risks and opportunities, including along their respective value chains;
- the communication of (i) time-bound, context-specific targets for reducing risks and capitalising on opportunities related to natural capital and the publication of annual progress against these targets, (ii) the plan to achieve these targets and (iii) the progress achieved;
- review by appropriate oversight bodies of matters related to the conservation and management of biodiversity, and the 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 objectives.

C) RESPECT FOR HUMAN RIGHTS AND COMBATING THE MANUFACTURE OF UNCONVENTIONAL WEAPONS;

In line with the Sustainable Development Goals promoted by the United Nations, the SGR encourages issuers to develop policies and practices aimed at the effective management of their human capital. Companies are encouraged to protect the health and safety of workers throughout the production chain, to commit to establishing a corporate culture that ensures good health and safety practices, and to implement a clear management system to monitor and, where necessary, take corrective measures.

The SGR 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. In this context, the SGR is aware of the importance (i) of the so-called "Just Transition", based on respect for workers' rights and support for initiatives that promote the achievement of climate neutrality and (ii) of compliance with international standards on human rights, such as the United Nations principles (so-called "UN Guiding Principles" and "UN Global Compact"), the OECD Guidelines (so-called "OECD's Guidelines for Multinational Enterprises"), the international standards promoted by the International Labour Organisation and the International Labour Organisation. "UN Guiding Principles" and "UN Global Compact"), the OECD's Guidelines for Multinational Enterprises, and the international standards promoted by the International Labour Organisation (ILO), as well as (iii) the prevention and mitigation of any negative impacts that may be generated by the investee companies.

With specific reference to the "Just transition", and in line with the commitments undertaken by adhering to the Net Zero Asset Management Initiative, the SGR also assesses, as part of its analyses, the social aspects and impacts that issuers' decarbonisation plans may have on communities and workers. To this end, the SGR analyses, on the basis of the information made available to the companies, any (i) public commitments, (ii) analyses carried out and (iii) projects/programmes already underway, including with regard to staff training (so-called "reskilling" or "upskilling"). Where available, the SGR also considers the indicator provided by CA100+. ⁷

With regard to compliance with international human rights standards, the SGR 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 SGR's Sustainability Policy provides for specific exclusions or restrictions for issuers with a clear direct involvement in the manufacture of unconventional weapons.

The Company reserves the right to initiate discussions with issuers in order to verify compliance with international treaties and national legislation. On the basis of the information obtained, the SGR assesses the appropriateness of activating escalation processes.

D) GOOD CORPORATE GOVERNANCE PRACTICES

The SGR believes that issuers with sound corporate governance practices are able to manage corporate risks more effectively. It therefore encourages a constructive approach to the companies in which it invests and

⁷The indicator "Just Transition" of Climate Action 100+ Net Zero Company Benchmark assesses how well the company has committed to the Just Transition principles and has disclosed how it manages and monitors its progress.

recognises the importance of dialogue on corporate governance practices. The Company has therefore adopted principles and conduct to be followed when evaluating proposals on the agenda of the most significant shareholders' meetings, taking into consideration market best practices, including the Italian Corporate Governance Code and the main international Codes of Conduct (e.g. International Corporate Governance Network - ICGN).

As part of its engagement activities, the SGR analyses:

- the composition, independence and role of the Board of Directors, as well as the existence of any Board committees, including for the assessment of ESG risks faced by the company;
- diversity within the company, including in terms of board membership and executive roles;
- the method by which directors are elected;
- the manner in which shareholder meetings are conducted and attended;
- the company's remuneration and incentive policies, with a focus on alignment with long-term strategies;
- disclosure of climate change strategies and the company's commitment to developing its workforce, promoting diversity and providing a safe working environment;
- information provided by issuers on the application of corporate governance codes in their respective listing jurisdictions.

As part of monitoring activities, the SGR requires listed investee issuers and their advisers to ensure that any information that could affect the ability to trade financial instruments of such issuers is not disclosed without prior consent.

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 SGR 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 SGR			
	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 SGR 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 SGR website.

PRINCIPLE 3 - THE SGR SHALL MONITOR ACTION TIMES AND PROCEDURES

MANAGEMENT COMPANIES SET OUT CLEAR GUIDELINES ON THE TIME FRAMES AND PROCEDURES FOR ACTIVITIES WITH LISTED INVESTEE ISSUERS, IN ORDER TO PROTECT AND INCREASE THEIR VALUE.

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

The SGR promotes proactive interaction with the companies in which it invests by encouraging effective communication, through one of the following approaches to engagement:

- “one-way”, if the SGR starts the communication;
- “two-way”, if the SGR and investee issuer have established a constructive dialogue;
- “collective”, if coordinated action is taken over targeted aspects regarding several institutional investors.

As a general rule, the SGR undertakes to carry out an in-depth investigation and to establish a constructive dialogue with the management and/or control bodies of "significant issuers". In order to identify issuers that are relevant for the activation of the engagement process, the SGR considers in particular those that are characterised by

- significant exposure to managed products (holding of "significant amounts of capital");
- significant exposure relative to the benchmark
- high exposure to sustainability risks such as (i) exposure to sectors that are not considered 'responsible', (ii) exposure to environmental issues such as the risk of biodiversity loss and deforestation, (iii) lack of respect for human rights, and (iv) lack of appropriate corporate governance practices.

The Investments Department monitors developments in the corporate governance and sustainability of investees, in order to assess whether to contact the officers of the companies it invests in. The purpose of this interaction is to:

- identify any problems, and at the same time minimise potential losses in value;
- steer companies towards improvements in their practices, evaluating, only as a last scenario, the disposal of investments.

Procedures for taking action with investee issuers may include:

- benchmarking with members of corporate bodies (including minority bodies), or the entities appointed by them, to specifically discuss the issues identified, through:
 - individual meetings, held at the head office of the SGR or by conference call;
 - participation in events, such as presentations, seminars or conferences;
- the sending of formal communication to the corporate bodies and/o senior management of the companies.

The SGR considers action taken with investees to be more effective when it is based on a medium/long-term relationship with corporate bodies and senior management that, in these situations, are more likely to consider institutional investors as credible, committed partners. In this regard, actions are in addition to the analysis of investments and exercise of voting rights, because they make it possible to deal with specific governance aspects of issuers, avoiding in the first instance, an assessment of the disposal of the investment or a vote cast against a motion.

ESCALATION PRACTICES

The engagement process includes a medium-term monitoring cycle aimed at assessing the progress made by issuers, with a particular focus on the 'macro-themes' identified as priorities by the SGR. Such assessments typically require a timeframe of at least 18-36 months.

If investee issuers do not respond constructively, the SGR will consider activating appropriate escalation processes, which may include three levels, depending on the situation:

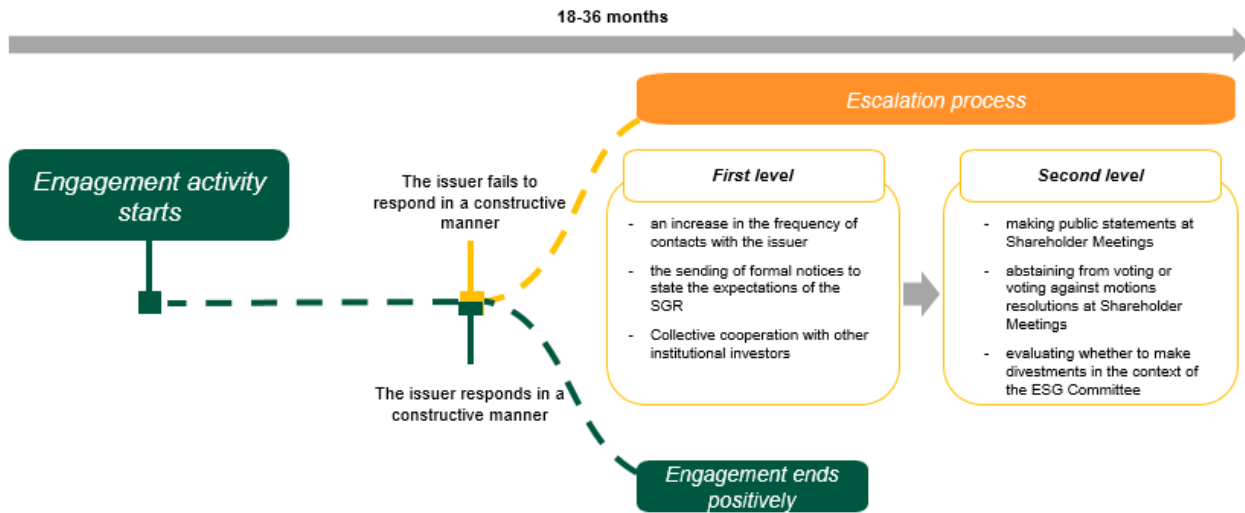
First level

- increasing the frequency of contact with the issuer;
- the sending of formal communications to explain the SGR's expectations;

- joint collaboration with other institutional investors, as outlined in Principle No. 4, for the purpose of submitting comments or specific requests for in-depth analysis of particular issues;

Second level

- making public statements at the General Meeting;
- abstaining or voting against at the General Meeting;
- the evaluation of the divestment of shareholdings within the ESG Committee.



PRINCIPLE 4 - THE SGR SHALL COOPERATE WITH OTHER INSTITUTIONAL INVESTORS

MANAGEMENT COMPANIES SHALL ASSESS AS NECESSARY, POSSIBLE COOPERATION WITH OTHER INSTITUTIONAL INVESTORS, WHERE APPROPRIATE, PAYING PARTICULAR ATTENTION TO REGULATIONS GOVERNING JOINT ACTIONS;

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

The SGR shall recognise the benefits that may arise from promoting forms of collective engagement with other institutional investors. Specifically, as indicated for the purposes of Principle 3, the SGR shall assess this solution when it believes it is the most effective choice for improving communication with the issuers. This circumstance may occur in the case of significant corporate events or matters of public interest.

Any type of collective engagement takes place in compliance with internal and external regulations on the management of conflicts of interest and inside information (market abuse), paying particular attention to regulations on concerted action.

Within the framework of individual partnerships, the SGR reserves the right to select issuers with which it wishes to be more active. Specifically, the SGR takes part in the dialogue with investee companies as:

- *'leader'*, contacting the companies on behalf of the Working Group and providing them with a summary of the activities carried out and the results obtained;
- *'co-signatory'*, choosing to actively support initiatives alongside 'leader' investors both in preparing and/or attending meetings and signing letters to issuers;
- *'endorser'*, supporting the initiative publicly, although without direct participation in the activities.

Having said this, the SGR collectively carries out monitoring, takes action and manages engagement activities, also through participating in:

- activities of the *Corporate Governance* Committee and the *Assogestioni Managers* Committee;
- initiatives promoted jointly with other institutional investors who are signatories to the following codes of conduct:
 - *"Responsible Investment Principles"* promoted by the United Nations;
 - *"Net Zero Asset Managers Initiative"*;
 - *"CDP"*;
 - *"Institutional Investors Group on Climate Change"*;
 - *'Forum for Sustainable Finance'*;
 - *"International Corporate Governance Network"*.

Specifically, the SGR has subscribed to the following collective initiatives and campaigns:

- *"Net Zero Engagement Initiative"*⁸ promoted by IIGCC, as Lead and Co-Signer;
- *"CDP Non-Disclosure Campaign"*⁹ (climate, water, forest), as Co-Signer;
- *"CDP Science-Based Targets Campaign"*, as Co-Signer;
- *"Climate Action 100+"*, as a signatory;
- *"Nature Action 100"* as a signatory;
- *"Advance"* promoted ¹⁰by UNPRI as a signatory.

The SGR is also involved in the following national and international working groups:

- *PRI Listed Equity Working Group*, which aims to promote the implementation of methodologies to assess progress towards the Net Zero scenario with regard to listed equity investments;
- *PRI Circular Economy Reference Group*, with the aim of raising investor awareness of the risks and opportunities associated with the transition to a circular economy;

⁸ Initiative that aims to provide a forum to accelerate engagement activities within investment portfolios and enable investors to achieve the engagement goals they have set as part of their Net Zero commitments.

⁹ Initiative to spur companies to improve the disclosure of information on climate change (CDP NDC Climate Change), deforestation (CDP NDC Forest) and water security (CDP NDC Water security).

¹⁰ Collective engagement initiative to encourage best practices in respect of human rights, society, communities and workers.

- "*IIGCC Proxy Advisor Engagement Working Group*", aimed at spurring proxy advisers to take into account, in their voting policies, information on the alignment path to the 'Net Zero' scenario of listed companies;
- "*IIGCC Bondholder Stewardship Working Group*", which promotes the commitment of bondholders to support climate action and drive the transition towards achieving Net Zero;
- '*IIGCC Sovereign Bonds and Country Pathways Working Group*', which promotes net zero engagement in investments in sovereign issuers;
- '*IIGCC Index Investing Working Group*', which explores the topic of net zero in passive investing;
- "*Engagement*", promoted by the Forum for Sustainable Finance;
- '*Sustainable Systems Investment Manager Reference Group*', established by UN PRI with the aim of promoting regular engagement with management companies.

In any case, the SGR reserves the right to sign up to additional collective engagement initiatives that it deems useful to pursue the best interests of its investors.

Through dialogue, the SGR intends to monitor the level of awareness of issuers on specific issues. In the course of these engagements, the SGR will share with issuers any critical issues that have arisen and the mitigating actions that have been taken.

PRINCIPLE 5 - THE SGR SHALL EXERCISE VOTING RIGHTS IN AN INFORMED MANNER

MANAGEMENT COMPANIES SHALL EXERCISE THE VOTING RIGHTS ATTACHED TO THE FINANCIAL INSTRUMENTS PERTAINING TO THE UCIS AND THE MANAGED PORTFOLIOS IN AN INFORMED MANNER.

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

The Voting strategy adopted by the SGR entails a differentiated approach based on the significance of the investee, related reference markets and/or specific circumstance, and a cost/benefit analysis that takes into account the investment objectives and policies of the individual portfolios.

For the most significant shareholders' meetings, resulting from the adoption of quantitative and qualitative criteria, participation in individual meetings is authorised by the Managing Director and General Manager of the SGR that also defines (i) the vote to cast, (ii) any specific indications to disclose, in the interest of investors, independently of any influence from within or outside the Company and (iii) procedures for participation, including proxies, for individual meetings, to give to specialised third-party companies, issuing specific instructions.

For this purpose, the *ESG & Strategic Activism* Entity identifies significant shareholders' meetings, carries out necessary analyses and defines - in coordination with reference managers - proposals relating to voting instructions to be evaluated by the CEO and General Manager. These proposals are identified on the basis of (i) analyses and in-depth analyses carried out on public documents, (ii) available research supporting corporate governance decisions and voting recommendations, (iii) indications provided by reference managers and (iv) the results of any engagement with the issuer company, if considered useful or necessary.

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

Save for the possibility of the SGR to delegate specialised third-party companies, giving instructions to exercise voting rights, in the interest of managed assets.

As regards meetings for which the SGR uses electronic voting (*proxy voting*), instructions are defined based on specific guidelines approved by the Board of Directors and proposals from the CEO and General Manager in the context of the ESG Committee. The *ESG & Strategic Activism* Entity monitors the correct performance of the process, forwarding (i) any aspects that are not regulated or (ii) voting proposals that differ from the criteria in this Strategy to the CEO and General Manager. In these cases, voting instructions are undertaken directly by the CEO and General Manager according to procedures consistent with those for shareholders' meetings, taking account of the adoption of quantitative and qualitative criteria.

Decisions taken are brought to the attention of the ESG Committee on the first possible occasion. The Committee also monitors the correct adoption of the Voting Strategy, in order to assess, in the interest of managed assets, any developments in guidelines for exercising voting rights.

To support its investment decisions and the exercise of its participation and voting rights, the SGR uses 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 SGR may make, in the best interest of managed assets, voting decisions that differ from the proxy advisor and from the recommendations of the investee's management. In any case, the SGR actively liaises with its advisor, avoiding an excess influence of the latter on the process to exercise voting rights ("over-reliance").

As a signatory of the United Nations "*Principles for Responsible Investment*", the SGR uses specialised research which also includes information on the social and environmental responsibility of issuers, aimed at identifying any impact in terms of reputation, competition and business opportunities determined by corporate governance choices.

The SGR 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 the SGR nominate or appoint one or more members of corporate bodies as a conflict of interest. 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 with respect to which the companies of the Group to which the SGR belongs appoint or designate one or more members of the corporate bodies. The SGR may still aggregate shares of managed assets issued by these companies, in order to reach the minimum quota of holdings required by regulations in force for presenting lists of candidates for the renewal of the corporate positions in question.

As indicated with reference to Principle 1, regarding Portfolio Management, the voting right is exercised exclusively if specific instructions from the investor are present, issued through a proxy and in accordance with applicable laws and regulations - in compliance with and according to the limits of indications issued, which shall be received no later than the contract cut-off date.

PRINCIPLE 6 - THE SGR SHALL KEEP TRACK OF THE EXERCISE OF RIGHTS

MANAGEMENT COMPANIES KEEP TRACK OF THE EXERCISE OF THE RIGHTS ATTACHED TO THE FINANCIAL INSTRUMENTS PERTAINING TO THE UCIS AND MANAGED PORTFOLIOS, ADOPTING A POLICY ON THE DISCLOSURE OF INFORMATION ON EXTERNAL GOVERNANCE.

METHOD FOR IMPLEMENTING THE RECOMMENDATION:

As indicated in the procedures to implement Principle 1, the SGR publishes the “*Engagement Policy*” and “*Voting Strategy*” also indicating its endorsement of (i) the “*Stewardship Code*” promoted by the *European Fund and Asset Management Association (EFAMA)*, in order to encourage at European level the development of good corporate governance practices and (ii) “*Italian Stewardship Principles*”¹¹ for the exercise of administrative and voting rights in listed companies and related Recommendations of *best practices* defined by Assogestioni, as well as the UN’s “*Principles for Sustainable Investments*”, demonstrating its commitment to *high standards of external corporate governance*.

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

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

These documents include both qualitative and quantitative information.

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

Activities to update the Engagement Policy are managed by the *ESG & Strategic Activism* Entity, which, for this purpose, is assisted by competent entities of the SGR.

The *Compliance & AML* Function periodically checks the correct adoption and effectiveness of the measures adopted by the SGR for the purposes of implementing regulations applicable from time to time, and the Recommendations made by the industry Association.

¹¹ The principles defined by Assogestioni are aligned with those contained in the *EFAMA Code for External Governance* approved by the *European Fund and Asset Management Association (EFAMA)* in which Assogestioni participates and of which Eurizon Capital SGR is also a member.

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 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.

Proposals to amend the Policy are monitored by the ESG & Strategic Activism Entity, coordinating with the Compliance & AML Function, and the Organization & Project Office Entity, in order to assess the consistency of the methodologies adopted by the SGR in relation to developments in national and international best practices.

Any changes are notified to the ESG Committee before being submitted to the Board of Directors.

TRANSPARENCY

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

Besides information made available to Clients/Investors pursuant to applicable regulations, as a signatory of the “*Italian Stewardship Principles*”, the SGR periodically sends a specific information flow to the Assogestioni Industry Association on the application status of the Principles, indicating any changes made compared to information notified the previous year.

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.