



# EURIZON STEWARDSHIP REPORT

First Half 2025

Report on engagement activities and the exercise of voting rights inherent to the financial instruments held by the assets managed by Eurizon Capital SGR S.p.A.

Committed  
to making a difference



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# Introduction

- **This report describes the Stewardship activities conducted by Eurizon Capital SGR S.p.A.** (hereinafter referred to as “Eurizon” or the “Company”) **during the first half of 2025**, particularly with regards to:
  - The **exercise of voting rights** at shareholders’ general meetings, in accordance with the Company’s procedures for managing conflicts of interest as set forth in the “Protocol of Autonomy”\* and in compliance with the “Strategy for the exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets” (the “Strategy”)\*, which details and defines the “Guidelines for the definition of voting instructions” to support the formalisation of voting instructions at general meetings, taking into account market best practices;
  - **Engagement activities**, in accordance with the “Engagement Policy”\* of Eurizon Capital SGR S.p.A.
- **Eurizon has a fiduciary duty to protect and create value for its Clients and Investors.** Therefore it pays attention to the “corporate governance” of investee issuers and evaluates how they address environmental and social matters that are material to their businesses.
- In this context, **Eurizon’s mission emphasizes the importance of engaging with investee companies to promote a conduct oriented towards long-term sustainable growth.** Through its Stewardship activities, which promote transparency and the achievement of high corporate governance standards in the companies it invests in, Eurizon also contributes to fostering trust in capital markets.

\* The Company periodically updates the internal regulations aimed at integrating environmental, social and good corporate governance factors (so called “Environmental, Social and Governance” factors or “ESG”) and responsible investment principles (so called “Sustainable and Responsible Investments” or “SRI”) into its Investment Process and makes the above documentation, and any updates thereof, available on its website [www.eurizoncapital.com](http://www.eurizoncapital.com).



Stewardship aims to promote high governance standards and all those practices geared towards the responsible management of resources in the interests of the assets managed.

Stewardship activities are carried out through the exercise of voting rights and engagement with investee companies



# About us



## Our values

“Being part of Eurizon means sharing strong values: **Passion, Responsibility, Integrity, Sustainability, Excellence.**

We are proud to belong to a Company whose **primary objective is to safeguard and grow its Clients' assets**, thus helping to inspire **greater trust in a more sustainable future.**”

### Passion

We seek to create conditions that **generate enthusiasm, enabling everyone to perform to the best of their ability with energy and commitment.** We work professionally and face our daily challenges courageously.

### Responsibility

We recognise the **importance of savings** in the lives of our customers. We take responsibility for the consequences of our actions, demonstrating a level of commitment that goes beyond normal care and diligence.

### Integrity

We conduct all our **professional relationships with loyalty and fairness.** We consistently uphold our values and honour our promises, taking responsibility for the trust placed in us by those who rely on us.

### Sustainability

We assess the medium to **long-term impacts of our actions and decisions**, ensuring that our choices align with the **principles of social responsibility.** We seek diversity within ourselves and integrate it to generate **inclusive growth.**

### Excellence

We pursue **quality results and continuous improvement.** We nurture our knowledge and talent by embracing curiosity and generating innovation.



## Mission

**We maximise** our customers' savings by creating and managing investment solutions that are tailored to their needs.

**We transform** the complexity of financial markets into opportunities.

**We work** with the companies in which we invest to promote sustainable growth and high governance standards.

**Reliability, innovation and service care** are our hallmarks.



## Vision

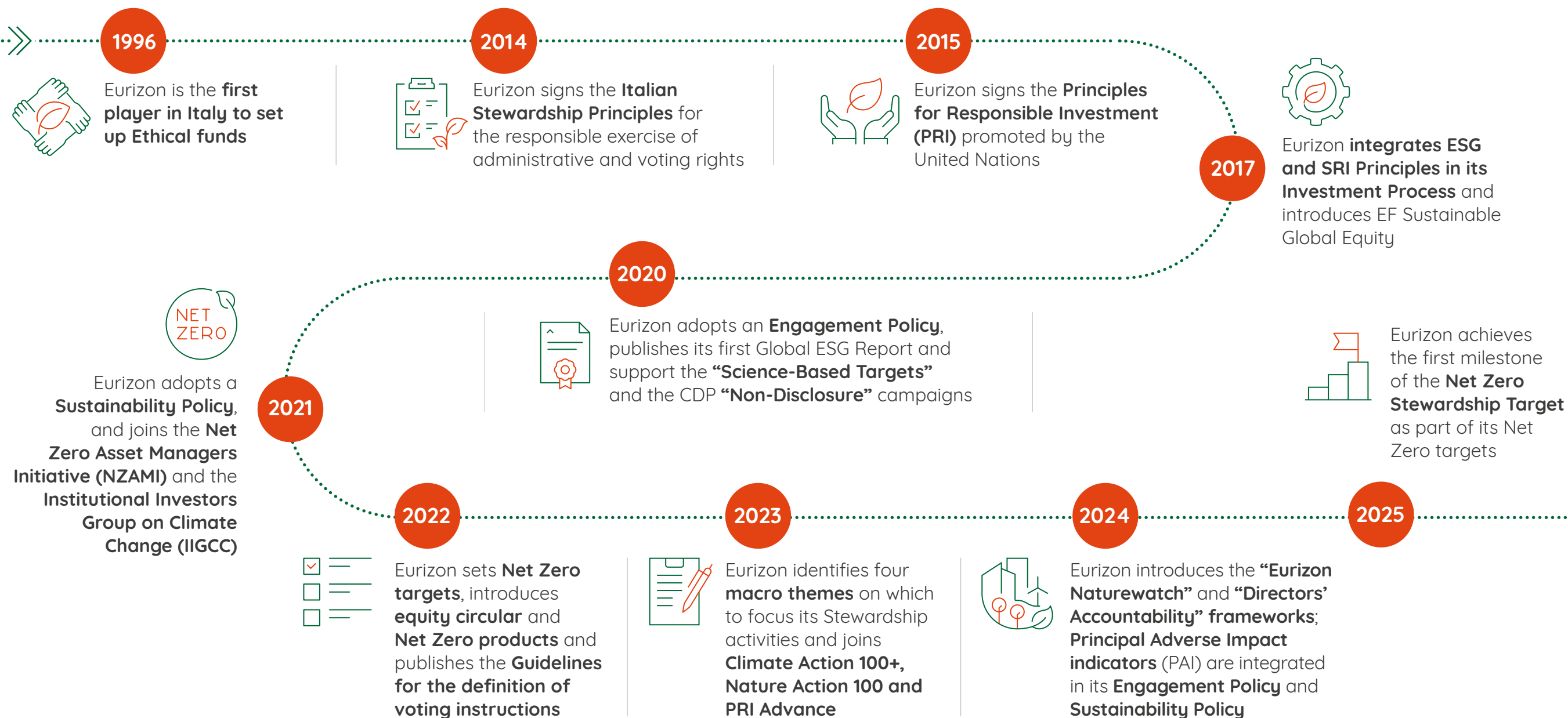
Our ambition is to spread a culture that promotes the **value of people, their projects and their savings.** A financial humanism based on respect, responsibility and self-awareness.



## Purpose

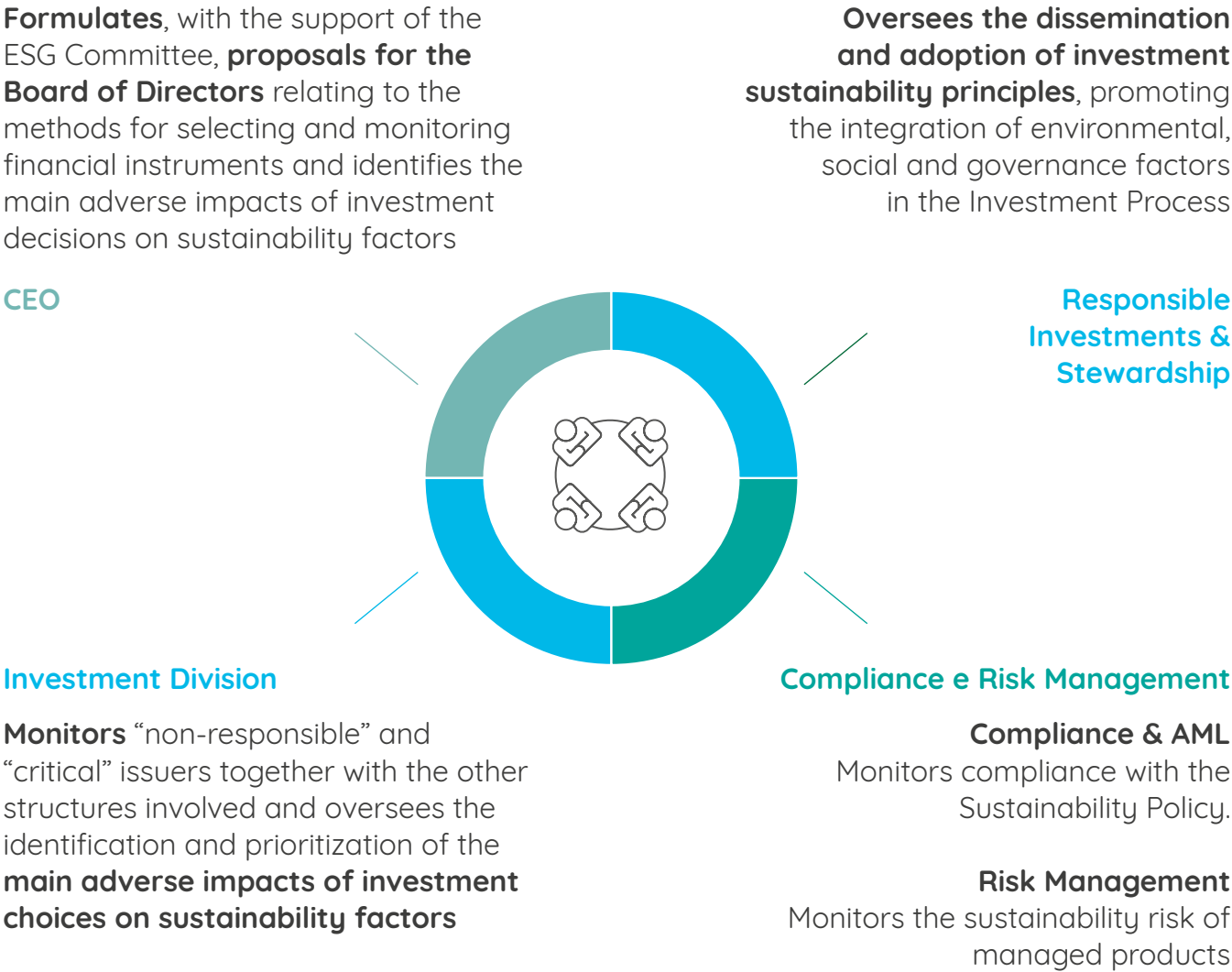
Building the future together. Because every story matters.

# Our commitment to Stewardship





# The governance of sustainability



# The governance of sustainability

## *The Responsible Investments & Stewardship team*

Eurizon's operational model involves corporate bodies and structures to which specific roles and responsibilities are assigned for the monitoring and management of sustainability risks.

**Within the Investment Division, the Responsible Investments & Stewardship team is in charge of promoting and integrating sustainability principles, oversees the Stewardship activities and has specific expertise in Corporate Governance and Sustainability matters.**



### Corporate Governance

Unit responsible for:

- monitoring shareholders' general meetings and managing the exercise of voting rights pertaining to the shares held by the managed assets;
- engaging with issuers on environmental, social and governance issues, collaborating and liaising, where necessary, with the Sustainability unit and portfolio managers in the Investments Division.



### Sustainability


Unit responsible for overseeing SRI investment issues, supporting senior management in incorporating environmental, social and governance (ESG) factors in the Company's Investment Process.





# Participation in national and international initiatives

Since 2021, Eurizon has progressively **focused its Stewardship activities** on four priority topics, joining the most relevant national and international initiatives in these fields:



### Climate Change

2021

The Net Zero Asset Managers initiative

Member of the Net Zero Asset Managers Initiative\*



2021

IIGCC  
The Institutional Investors Group on Climate Change

Member of the Institutional Investors Group on Climate change


2023

Member of Climate Action 100+ and the Net Zero Engagement Initiative




Eurizon is also part of the following working groups:

- *PRI Listed Equity*
- *PRI Circular Economy Reference*
- *IIGCC Bondholder Stewardship*
- *IIGCC Sovereign Bonds and Country Pathways*
- *Engagement*, promoted by the *Forum per la Finanza Sostenibile*



### Biodiversity


2023



Member of Nature Action 100 to address biodiversity loss and deforestation


Eurizon is also part of the following working group:

- *Biodiversity*, promoted by the *Forum per la Finanza Sostenibile*



### Human Rights


2023




Member of Advance to encourage the adoption of best practices in human rights and labor standards

Eurizon is also part of the following working group:

- *Renewable Energy Sector Group*, promoted by *Advance*



### Governance



Eurizon participates in the activities of the Corporate Governance Committee, the Responsible Investment Committee and the Investment Managers' Committee promoted by Assogestioni

Eurizon is also part of the following working groups:

- *IIGCC Proxy Advisor Engagement*
- *IIGCC Index Investing*
- *IIGCC Climate Governance*

Since **2004**, the participation in national and international initiatives has supported the **development of Eurizon Stewardship practices**



2004

Signatory of CDP, an independent non-profit organization for the measurement and management of environmental impact



2014

Endorser of the Italian Stewardship Principles



2015

Endorser of the Principles for Responsible Investment promoted by the United Nations



2016

Member of the International Corporate Governance Network (ICGN)



2021

Ordinary member of the Forum for Sustainable Finance



\* On 13 January 2025, Net Zero Asset Managers Initiative (NZAMI) initiated a review of the Initiative to ensure its relevance to the new global context. During this review phase, the initiative will suspend implementation monitoring and reporting by signatories.

# Stewardship activity in the first half of 2025 - Snapshot

Our commitment to the four priority topics

1,227

Meetings  
voted

16,416

Agenda items  
voted

459

Engagements

45%

Engagement on  
Sustainability issues



## Climate change

**Voted on 13 “Say on Climate”** proposals presented by management, supporting 8 (approx. 62%)

**Supported 100%** (5) of the shareholder proposals requesting the **presentation of the transition plan to the vote**

**Voted on 42 “Say on Non-Financial Statement”** proposals, supporting approx. 95%

**Engaged 29 issuers** to discuss the development of their **Net Zero Strategy** and **climate solutions investments**

**Engaged 13 issuers active in the fossil fuel sector** to ensure the phase-out of existing activities and no new investments in **thermal coal generation** or **oil sands extraction**



## Biodiversity

**Supported 100%** (12) of the proposals advocating greater transparency in **biodiversity conservation** and **circular economy**

**47 engagements** dedicated to evaluating the **environmental impact** of business operations

**7 engagements** on assessing **risks, impacts and dependencies on biodiversity** including responsible **water resources management**

**7 engagements** on **circular economy practices** and **5 engagements** on efforts to reduce **waste generation**



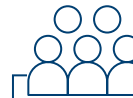
## Human rights

**Supported 100%** (24) of the proposals aimed at **protecting workers’ rights throughout the supply chain**

**26 engagements** on **social issues**, including **3 engagements** concerning **clarifications on possible violations of the UN Global Compact Principles and the OECD Guidelines**

**Supported 100%** (17) of the proposals aimed at evaluating the processes adopted for the development and integration of **AI-based technologies** and for **data protection**

**4 engagements** conducted to verify issuers’ actual involvement in the **manufacturing of unconventional weapons**



## Governance

**322 votes cast against the appointment/ re-election of directors due to their lack of independence within the Board of Directors or Board committees**

**314 votes cast against the re-election of directors responsible for decarbonization strategy** according to the proprietary **“Director Accountability”** framework that assesses directors’ accountability in implementing such strategies

**256 votes cast against the re-election of directors** responsible for the Board composition **due to the lack of diversity**

**247 votes were cast against the remuneration policies** due to a lack of adequate and comprehensive information

**35 Directors** elected to represent minority shareholders, in coordination with **Assogestioni**



# The exercise of voting rights

On behalf of its managed assets, Eurizon Capital SGR participates in the general meetings of selected companies listed on the Italian Stock Exchange and international markets. The Company considers the value of participation in relation to the interests of the managed assets and the possibility of making an impact on companies' decisions in relation to the voting rights of the shares held.

In addition, **as a signatory of the “Principles for Responsible Investment” promoted by the United Nations (UN PRI), Eurizon pays particular attention to the policies implemented by the issuers in which it invests, in the belief that sound corporate governance practices (incorporating environmental, social and governance issues), can create long-term value for shareholders.**

In compliance with applicable regulations, Eurizon has adopted specific organizational and procedural measures to ensure independence and autonomy in exercising voting rights concerning the managed assets as outlined in its *“Strategy to exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets of Eurizon Capital SGR S.p.A.”*\*.

**Within its Strategy, Eurizon has incorporated guidelines for defining the voting instructions at general meetings, in line with the principles expressed by corporate governance codes as well as with national and international best practices.**

The Company maintains, in any case, a differentiated approach depending on the practices of the reference markets of the issuing companies, aimed at protecting the interests of managed assets.

\*The document is available on the Company's website [www.eurizoncapital.com](http://www.eurizoncapital.com).



# The exercise of voting rights

The Corporate Governance unit monitors general meetings and, following qualitative and quantitative criteria, identifies:

1. Companies in which **significant share capital is held**, as identified from time to time through internal procedures
2. General meetings deemed relevant for the interests of the managed assets in order to (i) **stigmatize situations of particular interest** in defence or in support of the interests of minority shareholders or (ii) **support decisions relating to environmental, social or good corporate governance practices**
3. General meetings whose agenda includes the election of board members or statutory auditors through a **“slate voting”** mechanism, representing minority shareholders
4. General meetings to approve **extraordinary transactions** deemed significant for the interests of the managed assets, in order to support or oppose the proposed transaction

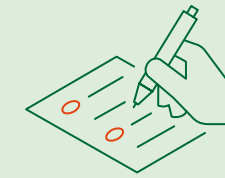
If one of the following applies

## Most relevant general meeting

Analysis of the resolutions on the agenda and definition of voting instructions according to the adherence of the proposals to the Guidelines. Where items are not covered by the Guidelines, voting instructions proposals are set considering (i) an in-depth analysis of public documents, (ii) research by the proxy advisor, (iii) information provided by reference managers and (iv) the results of any engagement activities.

Voting instructions that deviate from the Guidelines or address items not covered by them are submitted to the CEO for authorization.

687\*



Voting rights may be exercised through a third-party, when necessary

If not

## Other General Meetings

Voting instructions, established in accordance with Guidelines approved by the Board of Directors, are applied.

540



Votes are cast via the electronic platform of the Proxy Advisor

1,227  
AGM  
attended

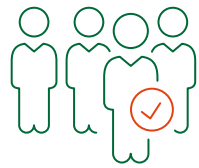
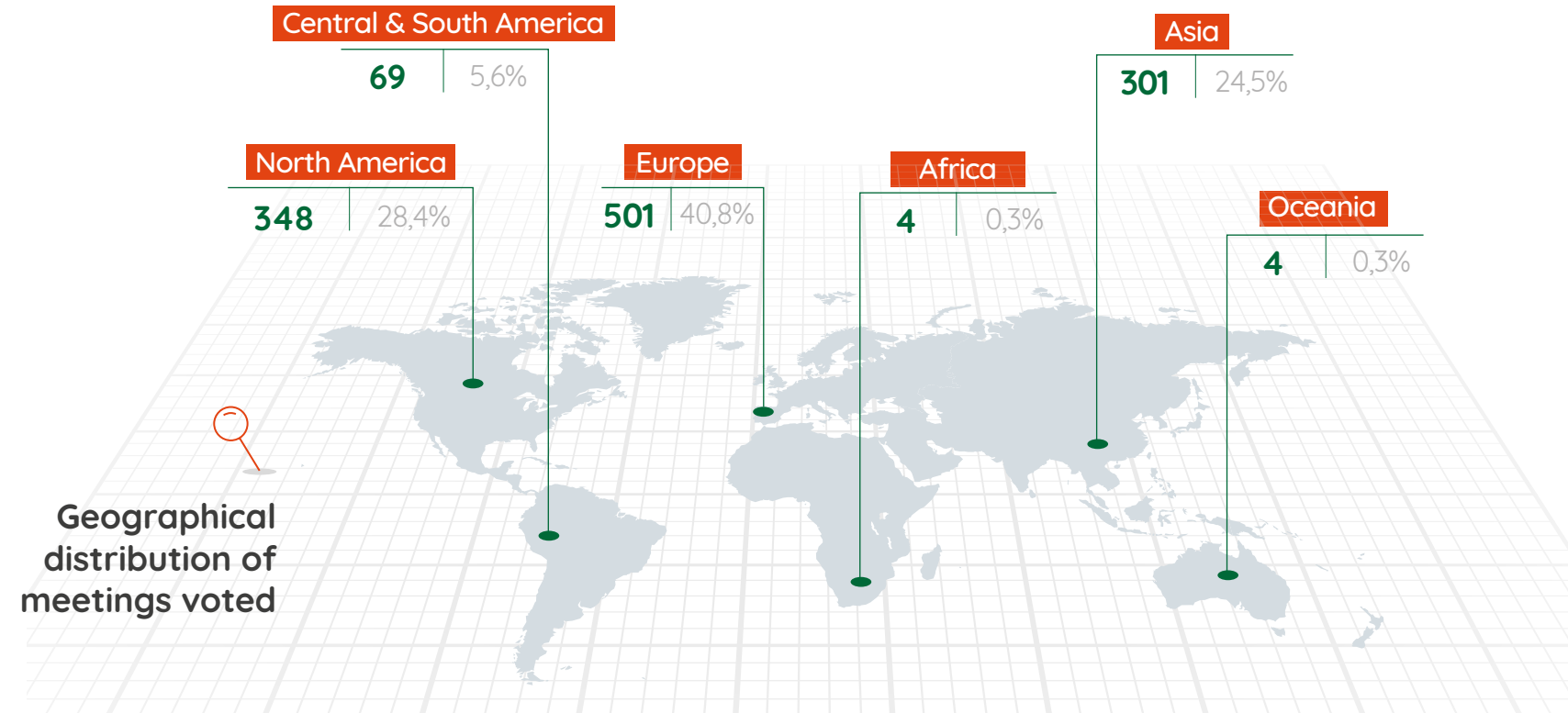
\* A detailed breakdown of the events according to the identified criteria shows that: n. 43 meetings fall within criteria 1; n. 566 meetings fall criteria 2; n. 33 meetings fall within criteria 3; n. 45 meetings fall within criteria 4.



# The exercise of voting rights

First half of 2025

- By exercising voting rights, Eurizon actively participates in the corporate life of investee companies, guiding their behavior and objectives.
- During the first half of 2025, the Company attended 1,227 general meetings, 12% of which were of companies listed on the Italian Stock Exchange and 88% of companies listed abroad.
- The Company voted 16,416 resolutions, including 15,737 presented by management and 679 presented by shareholders.



**1,227**  
General meetings  
attended

**16,416**  
Agenda items  
voted

**95%**  
Participation out of  
total votable meetings

**94%**  
Environmental and Social  
shareholder proposals  
supported\*

**45%**  
Shareholder proposals  
voted against Proxy  
Advisor recommendations

**15%**  
Proposals voted  
against Management  
recommendations

Shareholder proposals allow investors to interact with investee companies, submitting to the management issues deemed relevant for the protection of shareholders' interests.

Eurizon's support for such proposals aims to build a dialogue with companies to encourage their sustainable growth.

\* The data does not include "anti-E&S" proposals, i.e., shareholder motions that discourage the adoption and application of sustainability principles.

For a detailed breakdown of the general meetings voted during the first half of the year, please refer to the Proxy Voting Dashboard and the document "Eurizon Capital SGR S.p.A. participation in General Meetings - First Half 2025", both available on [www.eurizoncapital.com](http://www.eurizoncapital.com).

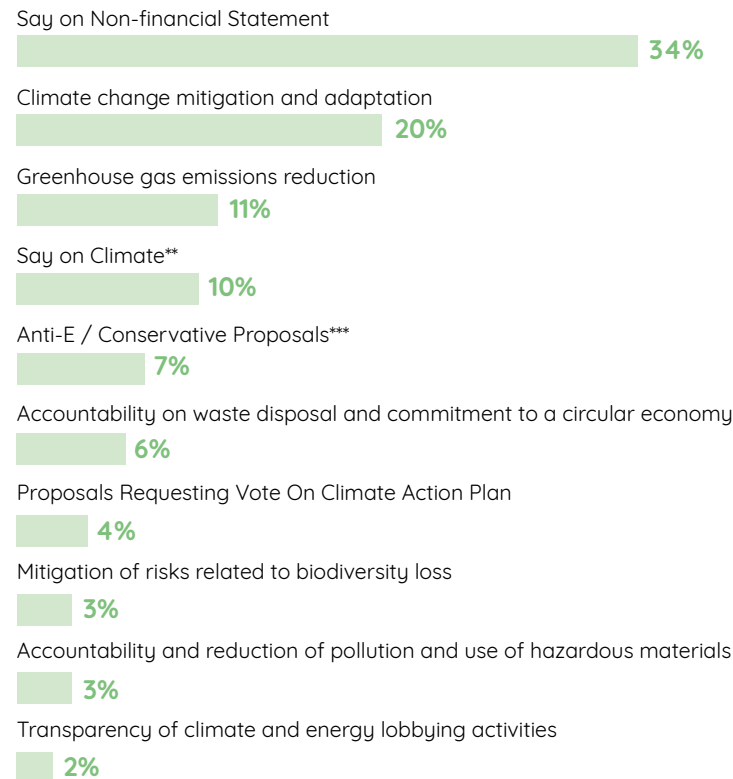
# The exercise of voting rights

Proposals voted in the first half of 2025



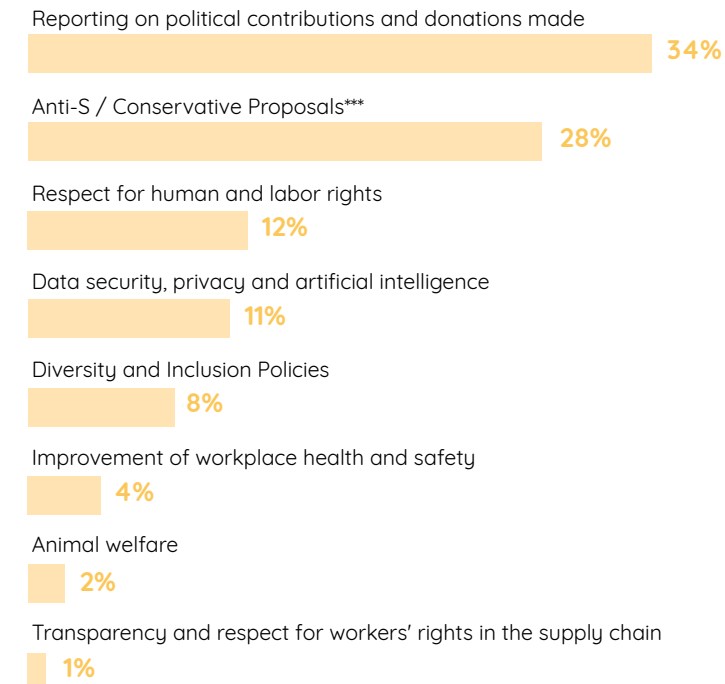
## Environmental

**128 environmental-related proposals** voted, contributing to the success\* of **49%** of them



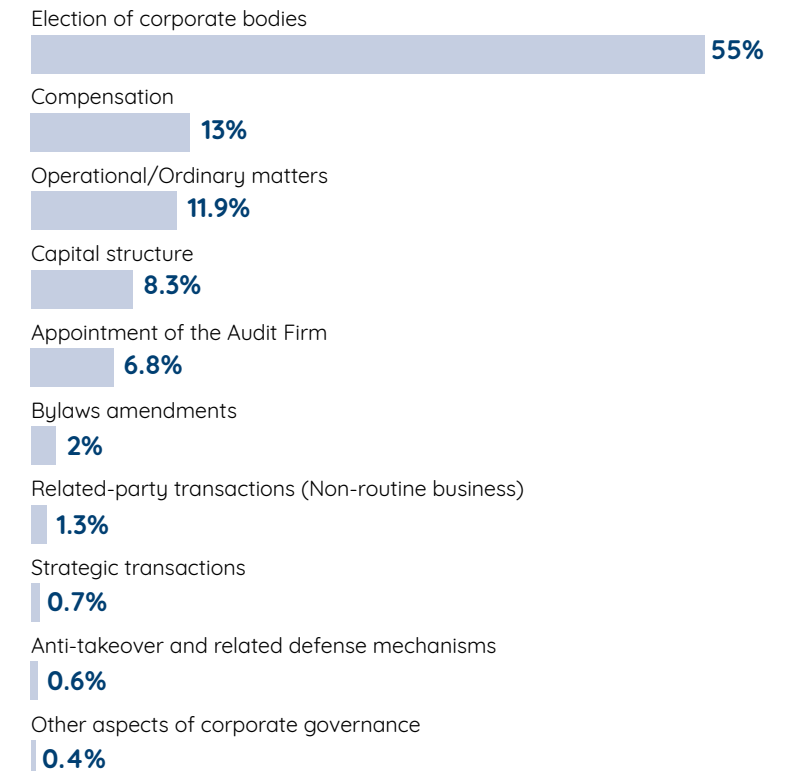
## Social

**182 social-related proposals** voted, contributing to the success\* of **57%** of them



## Governance

**16,106 governance-related proposals** voted, contributing to the success\* of **80%** of them



\* "Success" is defined as when a vote For/Against aligns with its expected outcome (i.e., For&Pass; OneYear&Pass; Against&Fail; Abstain&Fail). "Failure" occurs when a vote does not align with its expected outcome (ie. Against&Pass; Withhold&Pass; For&Fail). Excluded from this classification are situations where data are missing (Against&N/A; Abstain&N/A) or the proposal was not put to the vote (ie. No Vote&Pass; Against/For&Withdrawn).

\*\* This figure includes Say on Climate resolutions presented by management and shareholder resolutions requesting a vote on transition plans.

\*\*\* Motions put by groups that support strongly conservative environmental and social policies or that are openly critical of climate neutrality targets.

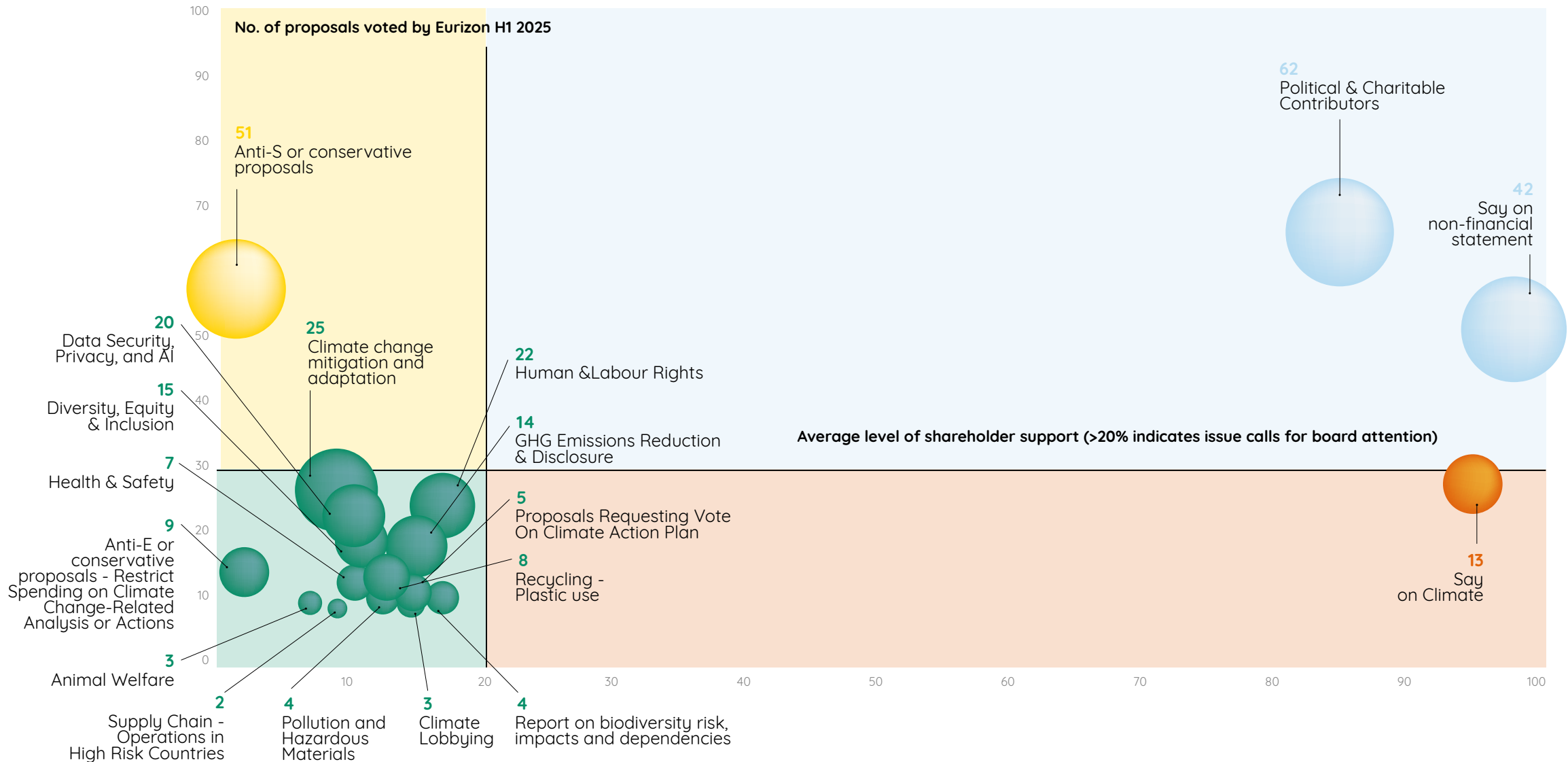


# The exercise of voting rights

Average shareholder support for proposals related to key environmental and social issues in H1 2025

Notably:

- Resolutions regarding **political contributions and donations**, as well as the **“Say on Non-Financial Statement”**, are among the most frequent and typically garner over 80% support
- Proposals aimed at **reducing greenhouse gas emissions and lobbying on climate policies**, on average saw **declining support** in H1 2025 (10-15%) compared to 2024 (20-30%)
- A large number of **anti-S or conservative proposals** were put forward during this proxy season, (more than in 2024), but the average level of **support did not exceed 1.3%.**



# Climate Change

Focus on key resolutions voted



## Climate change mitigation and reduction of greenhouse gas emissions



**Supported 34 proposals** calling for the **adoption of emission reduction targets in line with the Paris Agreement** and greater transparency on measures taken to mitigate climate change (in one case the overall percentage of support was nearly 40%).

One proposal requested an evaluation of how the company planned to handle the **growing energy demands of its data centers** while maintaining progress toward its climate goals.

## Lobbying on energy and climate issues



**Supported all proposals (3)** requiring issuers to disclose whether and how their **lobbying activities** align with their stated commitments and targets on climate change or with the Paris Agreement (average support was 14%).

## Say on Climate



**Voted on 13 transition plans**, 38% of which were submitted by companies in the Industrials sector. In almost 40% of cases, the vote was cast against due to a lack of robustness and credibility, as well as inadequate investments that did not align with the stated Net Zero goals.

The average level of shareholder support for Say on Climate proposals was approximately 95%.

**Supported all proposals (5) seeking to put the transition strategy to a vote** (average support was around 15%). Eurizon encourages companies in highly polluting sectors to present their climate transition plans at general meetings, allowing investors to provide feedback where urgent changes to the strategy are needed.

## Say on Non-financial Statement



**Voted on 42 Non-Financial Statements supporting 95% of them**; votes against were cast when sustainability reports failed to comply with international transparency standards or when the issuer's targets were not sufficiently ambitious or aligned with its stated commitments.

It is interesting to note that, although Say on Climate submissions are still limited in number, the need for shareholder approval of the non-financial statement\* appears to be incentivizing companies to obtain third-party validation of their decarbonization targets, such as through the SBTi. Nearly 65% of the integrated reports voted on had their net-zero targets validated by the SBTi.

Although external assurance is not legally required in Switzerland\*\*, it has been widely adopted as standard market practice for non-financial information. Interestingly, the two integrated reports that did not include external assurance received a higher level of shareholder dissent, with one attracting up to 14% of votes against—well above the overall average of just 2%.

## Anti-E / conservative proposals\*\*\*

**Rejected all proposals (9) calling for companies to limit spending and investments aimed at mitigating climate change.**



Despite the large number of anti-E(SG) proposals submitted, average support was 1.9%.

\* In Switzerland, for example, listed companies with at least 500 employees and total assets of more than CHF 20 million or sales of more than CHF 40 million in the last two financial years will be required to seek shareholder approval for the non-financial report as of 2024, with reference to the financial year 2023. In Spain, lawmakers implemented EU Directive 2014/95 by Law 11/2018, which requires listed companies with at least 500 employees during the financial year to schedule a consolidated management report to their consolidated financial statements. This consolidated management report must include the non-financial information required by law and must be presented at the Annual General Meeting.

\*\* In Switzerland, external assurance is not currently mandated by law, but it is encouraged as a good market practice. In contrast, Spain requires non-financial information to be verified by an independent assurance provider to ensure its reliability.

\*\*\* Motions put by groups that support strongly conservative environmental and social policies or that are openly critical of climate neutrality targets.



# Climate Change

## Analysis of a “Say on Climate” for a Construction & Engineering company



Eurizon has developed an analytical framework for voting consistently on transition plans, regardless of the company’s sector.

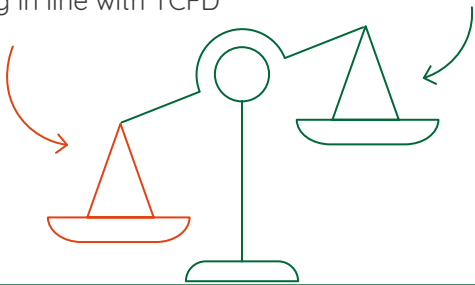
The framework combines key evaluation criteria with additional evidence or considerations.

### Key evaluation criteria

- Net zero ambition by 2050
- GHG Emission reduction targets
- Decarbonization Strategy
- Capital allocation
- Engagement policy
- Governance
- Reporting in line with TCFD

### Additional evaluation criteria

- ESG controversies
- CDP Questionnaire
- SBTi target validation
- TPI Carbon Performance
- Historical GHG emission reductions targets disclosure
- Supplier Engagement
- Eurizon Net Zero Alignment Framework
- Engagement Outcome
- Proxy Advisor Analysis



- In April 2024, Eurizon contacted the company to emphasise the importance of updating the targets submitted for SBTi validation. This included revising the 2009 baseline and increasing the ambition of the GHG reduction targets to 90% by 2050. Following this, Eurizon voted in favour, pending modifications to the transition plan.
- Prior to this year’s AGM, further discussions took place to clarify the capital expenditure target for sustainability initiatives. The company has set new SBTi-certified targets for GHG emissions (Scope 1, 2 and 3), based on a 2020 baseline and in line with a 1.5°C trajectory. In light of the positive updates to the climate transition plan and constructive dialogue, a vote in favour was cast.

Key evaluation criteria	Overall assessment
Net Zero Ambition by 2050	Positive
Long-term GHG reduction targets (2036-2050)	Positive
Medium-term GHG reduction targets (2026-2035)	Partial
Short-term GHG reduction targets (up to 2025)	Negative
Decarbonization strategy	Partial
Alignment of capital allocation (capex) with 1.5°C scenario	Partial
Engagement policy in line with decarbonization targets	Partial
Good corporate governance practices	Positive
Adherence to Just Transition principles to minimize social impacts of the company's decarbonization efforts and presence of a plan to monitor progress towards a just transition	Negative
Reporting on decarbonization strategy in line with TCFD recommendations	Positive
Assessment Outcome	The plan has been improved but still has some shortcomings

Additional evaluation criteria	Overall assessment
ESG controversies	The company does not face any ESG controversies
Answers to the CDP questionnaire (Climate, Forests, Water Security)	The company received an A rating in both Climate and Water questionnaires
SBTi Target Validation (TPI Carbon Performance if Evaluated)	<ul style="list-style-type: none"><li>• <b>Near-term Target Alignment (Scope 1 &amp; 2):</b> 1.5°C</li><li>• <b>Net Zero Target alignment (Scope 1, 2 &amp; 3):</b> 1.5°C</li></ul>
Historical GHG emission reductions targets	Disclosure of current and historical emissions, along with progress toward the target
Supplier Engagement	Supplier assessment methodology, monitoring, and climate-related requirements
Eurizon Net Zero Alignment Framework	Aligned to a Net Zero Pathway
Assessment Outcome	Aligned with industry expectations
Voting instruction	FOR

# Biodiversity

Focus on key resolutions voted

## Mitigation of risks related to biodiversity loss



**Voted in favor of all proposals** (4) aimed at evaluating the **risks, impacts and business dependencies, including in the supply chain, associated with biodiversity loss and natural capital degradation.**

The key findings are as follows:

- The proposals emphasized that issuers were exposed to significant risks due to nature loss. Sourcing operations could have contributed to deforestation, yet these **operations depended on healthy ecosystems for long-term sustainability.**
- The **lack of a comprehensive biodiversity assessment** in issuers' nature-related initiatives risked overlooking key environmental issues and **hindered investors** from fully understanding and evaluating the company's management of nature-related risks.
- To address these challenges, the proposals recommended that the Taskforce on Nature-related Financial Disclosures (TNFD) framework be adopted to conduct thorough **biodiversity impact assessments and enhance transparency.**

## Circular Economy



**Supported all proposals** (8) that demand clear, transparent reporting on plastic packaging and recyclability claims. In detail:

- Three of these proposals focused on **improving transparency and accountability** by requesting detailed information that allows shareholders to **evaluate the legitimacy of recycled content claims.** They also called for independent reports to serve as the foundation for all recyclability claims made on plastic packaging, ensuring that companies provide accurate, verifiable, and responsible sustainability disclosures.
- The remaining proposals emphasized efforts to **reduce plastic packaging pollution by setting clear goals** for overall plastic packaging reduction and assessing strategies to minimize plastic use. They stressed the importance of aligning company efforts with industry peers to commit to making all packaging curbside recyclable, reusable, or compostable.
- These proposals were all submitted to companies operating within the **consumer discretionary and consumer staples sectors.** Average support was 13%.

## Pollution and hazardous materials



**Support all proposals** (4) focusing on:

- **The adherence to the World Health Organization's guidelines on the use of antibiotics in supply chains;** in particular, one motion specifically inquired about the potential harmful effects of products and ingredients/chemicals used in the company's production processes.
- Greater transparency on the effects and risks associated with electromagnetic radiation, wireless technologies, and the use of lead-sheathed cables.
- **Greater transparency on the health risks associated with non-sugar sweeteners;** enhanced disclosure regarding the potential harmful effects of ingredients and chemicals used in production would allow investors to better assess the company's commitment to consumer well-being and the strength of its risk management efforts.



# Human Rights and social issues

Focus on key resolutions voted



## Political Contributions and Donations



**Voted on 62 proposals** focusing on corporate procedures and policies governing **direct and indirect lobbying activities**, the alignment of political spending with the company's stated values, and the **authorization processes and determination of amounts to be allocated by the company for corporate donations and charitable spending** (overall average support was 85%).

## Diversity and Inclusion



Supported all proposals (15) calling for a report to assess:

- The **effectiveness of the company's diversity and inclusion policies**;
- The management of any **gender/ethnicity-based pay gaps**;
- The **prevention of workplace harassment and discrimination**.

The overall average support was 11%.

## Health and Safety



**Voted in favor of 7 proposals** calling for the commissioning of independent audits to **certify the effectiveness of safety measures and practices in the workplace** (the overall average support was 10%).

## Human and Labor Rights Just Transition



**Supported all the proposals (22) addressing risks from insufficient human rights protections and advocating for improved standards and policies**, urging companies to strengthen their commitment to human rights and ethics by adopting comprehensive policies and due diligence processes. In detail:

- 1 proposal called for independent third-party assessments of **board oversight on AI-related human rights risks** to enhance transparency and strengthen responsible AI policies.
- 4 proposals directed at financial institutions called for enhanced disclosure on **how they address forced and child labor risks within their loan portfolios**.
- 2 proposals requested a report on **due diligence procedures related to project financing that may affect Indigenous Peoples' rights**, emphasizing the critical need to secure free, prior, and informed consent from local indigenous communities.

## Supply Chain



**Supported all proposals (2) calling for greater transparency in the sustainable management of the supply chain**, particularly for companies operating in geographical areas at higher risk due to inadequate protection and respect for human rights. Specifically, some motions called for the implementation of programs aimed at eliminating the exploitation of child labor in the supply chain (the overall average support was 9%).

## Artificial Intelligence and Data Privacy



**Supported all proposals (9) regarding the assessment of risks arising from the improper or unethical use of external data in AI development** and calling for the adoption of a voluntary code of conduct for advanced generative AI systems to ensure responsible AI practices.

**Supported all proposals (8) calling for enhanced transparency and accountability through reports on data privacy and safety**, including child safety policies and data collection and advertising practices.



# Governance

Focus on key resolutions voted



## Election of strategic Supervisory Bodies



**Voted on 8,850 proposals for the re-election of directors**, achieving a success\* rate of 77%. A total of 16% of the proposals were not supported, primarily due to a lack of independence, oversight and/or implementation of the climate strategy, and diversity. In detail:

- **Lack of independence led to 322 votes against the re-election of directors.**
- **Lack of diversity in the Board of Directors resulted in 256 votes against the re-election of directors.** In 66% of cases, these were US-based companies. The analysis of progress made since 2024 showed that 33% of companies failed to improve Board diversity. For these, we voted against the Chair of the Nomination Committee for the second consecutive year.
- **A significant failure in corporate governance resulted in 121 votes against the re-election of directors.** Recurring issues included (i) the board's continued inability to address long-standing concerns over pay-for-performance alignment and problematic compensation practices, (ii) top management was held accountable for poor capital allocation decisions, and (iii) repeated absences from board and committee meetings.

## Remuneration Policies



**Voted on 2,101 proposals**, including **1,521 Say on Pay**, of which Eurizon voted against in 16% of cases, due to (i) insufficient disclosure, (ii) misalignment with the Pay for Performance principle, (iii) the absence of ESG metrics in short- and long-term incentive plans, and (iv) overly broad discretion granted to the board through the derogation clauses in the policy.

Among the companies under monitoring for achieving climate neutrality, **Eurizon voted against 16 compensation plans solely due to a lack of climate-related and/or sustainable development indicators** within the remuneration plans of executive directors.

## Other Aspects of Corporate Governance



**Voted on 58 proposals** related to governance structure, supporting all motions that called for: (i) adopting a simple majority vote standard, (ii) amending the right to call special meetings, and (iii) establishing a board committee on Artificial Intelligence and overseeing the Diversity, Equity, and Inclusion (DEI) strategy.

## Appointment of the Audit Firm



**Voted on 1,103 proposals concerning the appointment of external audit firms**, voting in favor in 93% of the cases. Eurizon voted against 32 proposals due to a lack of transparency or the excessive tenure of the audit firm's mandate (over 20 years).

**Supported 132 proposals** regarding the appointment of audit firms specialized in certifying non-financial information, as required by the *Corporate Sustainability Reporting Directive (CSRD)*.\*\*

\* "Success" is defined as when a vote For/Against aligns with its expected outcome (i.e., For&Pass; OneYear&Pass; Against&Fail; Abstain&Fail). "Failure" occurs when a vote does not align with its expected outcome (ie. Against&Pass; Withhold&Pass; For&Fail). Excluded from this classification are situations where data are missing (Against&N/A; Abstain&N/A) or the proposal was not put to the vote (ie. No Vote&Pass; Against/For&Withdrawn).

\*\*The Corporate Sustainability Reporting Directive (CSRD) introduces new standards for corporate sustainability reporting. The aim is to strengthen the previous directive (2013/34/EU), making sustainability reporting more transparent and comparable to traditional financial reporting, thereby recognizing their close connection.

# Governance








## Assessing directors’ accountability for climate strategy



### Eurizon “Directors’ Accountability Framework for Climate Change”

In the first half of 2025, **337 “target” companies under the Directors’ Accountability Framework\*** were monitored: of them, **194 had sufficiently ambitious climate strategies** and therefore received our support; **98 companies showed deficiencies in the implementation of their decarbonization strategy** leading Eurizon to vote against the re-election of 314 directors.

Voting instructions driven by the implementation of the decarbonization strategy	No. Companies
Vote in favor of the members of the Board of Directors	194
Vote against the re-election of the incumbent Chairman of the Sustainability Committee due to shortcomings in the implementation of the decarbonization strategy	38
Vote against the re-election of incumbent members of the Sustainability Committee due to severe deficiencies in the implementation of the decarbonization strategy	30
Vote against the re-election of the incumbent members of the Sustainability Committee and the Chairman of the Board of Directors due to very severe deficiencies in the implementation of the decarbonization strategy	17
Vote against the re-election of board members (including CEO) due to material failures in the implementation of the decarbonization strategy	13

Sector of “target” companies	No. Companies
 Materials	62
 Industrials	60
 Consumer discretionary	40
 Consumer staples	33
 Energy	33
 Utilities	33
 IT	31

The remaining 45 issuers operate across a range of other sectors.

- Eurizon did not support the re-appointment of directors at 17 companies due to their involvement in serious climate and social controversies.
- Compared to 2024, analyzing the total number of “target” companies:
  - 9% showed progress in implementing their climate strategy;
  - 39% showed a deterioration in the implementation of their decarbonization strategy, which led to a vote against the re-election of the directors deemed responsible;
  - the remaining 52% showed no change in their climate strategy, and in these cases, the vote remained unchanged.
- Eurizon voted against the directors of 15 companies due to persistent and significant shortcomings in their decarbonization strategies for the third consecutive year.

\* 45 companies, it was not possible to cast a vote due to either the absence of Sustainability Committee directors up for re-election or no incumbent members being included on the agenda.

# Governance

## “Voto di lista”

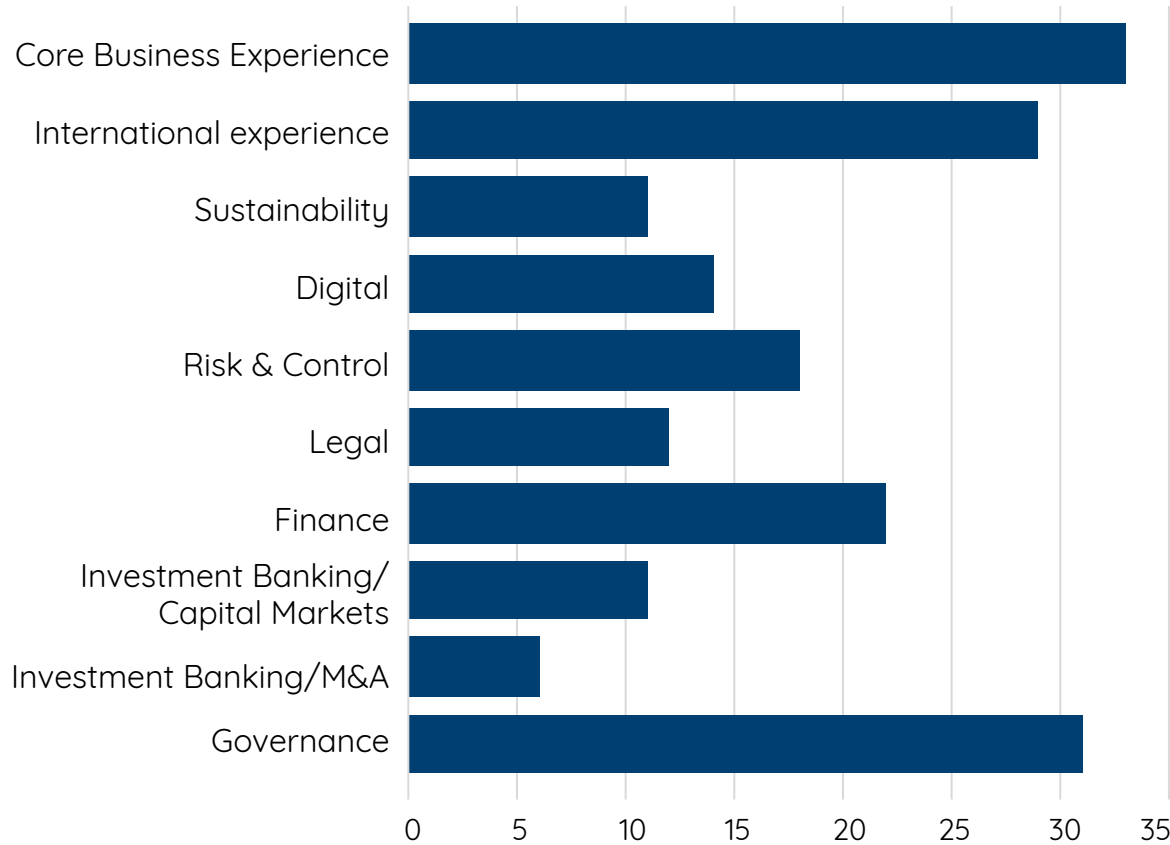
- Eurizon contributes to the election of Board Members and/or Statutory Auditors of issuers listed on the Italian Stock Exchange through the slate voting mechanism (so called “Voto di lista”), representing minority shareholders and in coordination with Assogestioni.
- When nominating candidates to be included on minority slates on behalf of institutional investors, the Company complies with the principles and criteria established by the Assogestioni Corporate Governance Committee, which sets out the requirements for the professional competence, integrity and independence of candidates, as well as the conditions for their ineligibility and incompatibility. Moreover, the Company has adopted the “Protocol of Autonomy” prepared by Assogestioni for the management of conflicts of interest, with the aim of safeguarding the independence of its decision-making.
- The selection process for candidates to be nominated on minority lists follows a diversification criterion, including gender and skill diversity to ensure that those elected can actively contribute to the work of the corporate bodies.

\* For one issuer, Eurizon only supported at the AGM the Assogestioni minority slate presented by other institutional investors.

\*\* One director was elected by co-option. The proposal, aimed at integrating the board of directors following a minority director’s resignation, was made directly at the meeting. The candidate was selected from the list presented by the Investment Managers’ Committee at the shareholder meeting on April 27, 2023. For one issuer, Eurizon only supported at the AGM the Assogestioni minority slate presented by other institutional investors.

\*\*\* Eurizon contributed to the election of 35 directors with 14 female representatives; 22 effective statutory auditors with 8 female representatives; 23 alternate statutory auditors with 14 female representatives.

### Breakdown of expertise of candidates elected in the first half of 2025



Note that the skills may exhibit some overlap.

Source: Internal processing of data collected during the minority lists definition phase within the Assogestioni Investment Managers’ Committee.



### “Voto di lista” numbers

33

Issuers for which at least one slate of candidates was presented\*

35\*\*

Directors elected

45%

Female representation among elected candidates\*\*\*

40%

Female representation among elected directors








## Insight: Against or Abstain votes

In exercising voting rights, Eurizon applies its “Strategy” to ensure that votes are cast transparently and in the interest of the managed assets. For this reason, Eurizon has set out the principles and the conduct to follow in evaluating the most recurrent items on the agenda at general meetings. During the first half of 2025, **Eurizon supported 94% of shareholder resolutions concerning environmental and social issues.**\* However, the Company considered it more appropriate to vote against or to abstain from voting in all situations in which the proposals presented by the shareholders were backed by a rationale not aligned with the principles supported by Eurizon or were not sufficiently detailed.

In the same period, the number of anti-ESG proposals submitted increased, although overall support for these proposals remained low, in line with the previous year.

Eurizon voted against these proposals that received an average of 1.92% support for anti-E resolutions and 1.34% for anti-S proposals.

The table below details a series of proposals along with the rationale behind the Company’s decision to vote against these resolutions at the meeting.

Shareholder Proposals	Vote	Voting Rationale
Request for the removal of the non-carbon emitting generation capacity (e.g. wind, solar, nuclear, and conventional hydro power generation) incentive metric from the company’s executive compensation program, specifically from the long-term incentive plan.	 <b>AGAINST</b>	Eurizon believes that good corporate governance practices can facilitate the decarbonisation process, particularly by integrating ESG factors into executive compensation policies. This is considered essential for achieving the company’s sustainability goals and the net-zero emissions target by 2050.
Request to remove all emissions reduction targets relating to the company’s operations and energy products. According to the proponent, these targets lack a scientific basis and endorsing ‘climate alarmism’ could harm shareholder value.	 <b>AGAINST</b>	Eurizon believes that companies exposed to high levels of environmental, social, or corporate governance (ESG) risks should set relevant and clearly measurable goals that focus management’s attention and efforts on mitigating these risks.
Request the Board to re-examine its plastic production and packaging policies based on objective, scientifically accurate research, including a quantifiable assessment of potential policy changes versus current practices. The proponent argues that shareholder proposals targeting single-use plastics are often based on exaggerated or false claims from environmental pressure groups.	 <b>AGAINST</b>	Eurizon is committed to monitoring how companies’ activities impact the ecosystem through the release of toxic emissions. Additionally, it advocates for the recycling of plastic and the adoption of strategies to raise consumer awareness on sustainable practices and the circular economy.
Request calling for an analysis of how company policies may discriminate against or alienate employees based on their religious and political views, and the risk such policies pose to companies’ business. The proponents criticized companies’ positions on social issues such as abortion and gender-based care.	 <b>AGAINST</b>	The request was contrary to Eurizon’s principles of valuing diversity and inclusion.
Request to the Board to consider ending the company’s participation in the Human Rights Campaign’s Corporate Equality Index (CEI). The proponent claims that the Human Rights Campaign takes partisan and divisive positions on LGBTQ+ issues and that the company’s perfect score on the CEI means it is using shareholder assets to support these positions.	 <b>AGAINST</b>	The request was contrary to Eurizon’s principles of valuing diversity and inclusion.

\* Data does not include “anti-E&S” proposals, i.e., shareholder proposals that would hinder the introduction and implementation of sustainability principles.

# The engagement activity

Eurizon Engagement Policy outlines Eurizon’s approach to promoting proactive interaction with the companies in which it invests in, integrating its commitment as a shareholder into its investment strategy.

The Company is committed to building a constructive dialogue with the management and/or control bodies of “relevant issuers” characterized by:

- significant exposure in the managed products (holding “significant amounts of share capital”);
- significant exposure relative to the reference benchmark;
- high exposure to sustainability risks, such as (i) involvement in sectors not considered not “responsible”, (ii) exposure to environmental issues, such as the risk of biodiversity loss and deforestation, (iii) non-compliance with human rights, and (iv) the absence of adequate corporate governance practices.

Eurizon believes that interaction with investee companies is most effective when built on a **long-term relationship** with the corporate bodies and senior management, who are more likely to consider institutional investors as credible and committed

partners. In this respect, engagement complements both investment analysis and the exercise of voting rights, as it allows specific issues to be addressed before considering the option of divestment from the positions held or voting against resolutions.

**Engagement activities involve both the investment team and the Responsible Investments & Stewardship team, who collaborate to best integrate investment decisions with Stewardship practices.** The outcome of engagement can influence investment decisions as well as the determination of the vote at the general meetings. Engagement activities and their outcomes are disclosed on a dedicated internal platform and are accessible to all stakeholders involved in the investment process.

As part of its commitment to the **Net Zero Asset Managers Initiative\***, Eurizon aims to **engage with companies representing 90% of the emissions financed by the “Portfolio in Scope”\*\*** which will be contacted **by 2030**. The aim is to encourage these companies to decarbonise their activities and progressively align with the climate neutrality scenario.



## Engagement methods

- **One-way** or unilateral, in which communication is initiated by one party to inform the other about a specific issue;
- **Two-way** or bilateral, in which both parties constructively interact to mutually monitor the topics covered by the meeting;
- **Collective**, which envisages multiple investors acting together to engage with a specific issuer.

Tools that can be used for engagement may include, among others, conference calls, webcast presentations, letters and, when possible, face-to-face meetings.

**For Eurizon, engagement involves ongoing dialogue with investee companies, with a view to building a medium/long-term relationship aimed at monitoring and drawing a commitment from these companies on specific issues, and participating in their general meetings.**

\* On 13 January 2025, NZAMI initiated a review of the initiative to ensure alignment with the new global context. During this review phase, the initiative will pause its activities of monitoring implementation and reporting by the signatories.

\*\*The portion of assets identified from time to time that will be managed in line with a climate neutrality scenario.

# Engagement activity

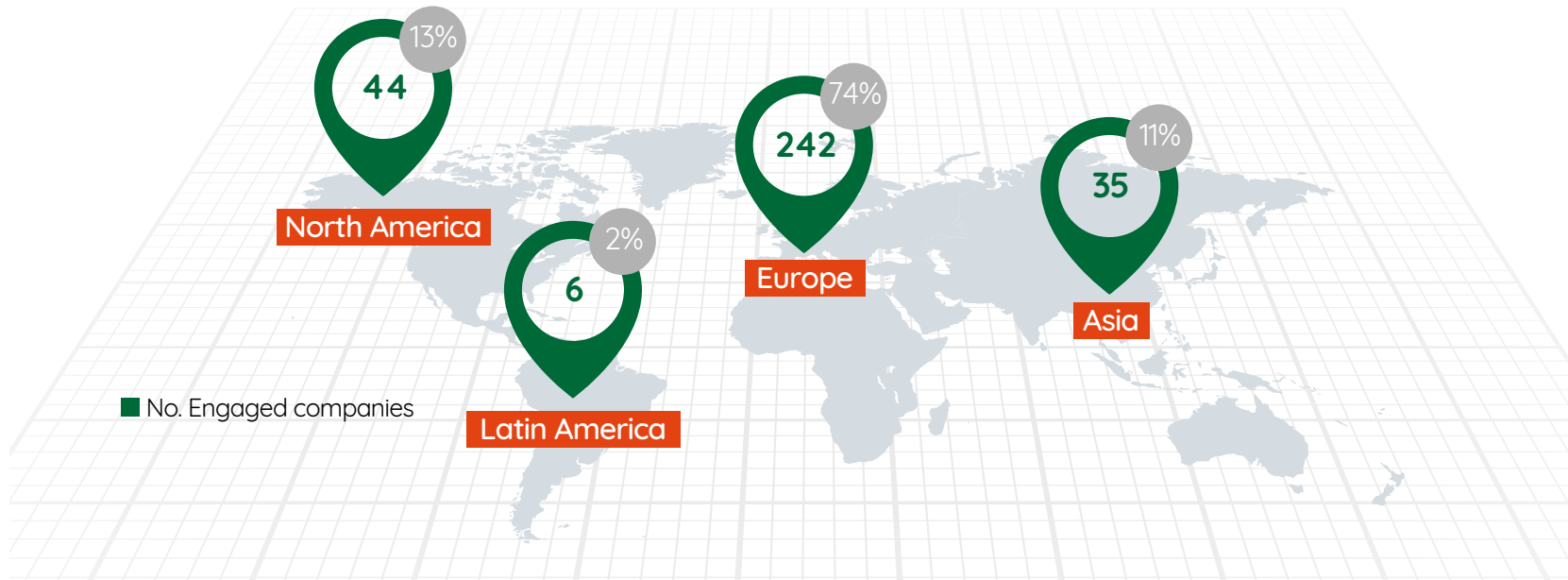
First half of 2025

As an institutional investor, Eurizon recognizes the importance of building a constructive dialogue with investee companies to influence their corporate behavior and create greater medium- and long-term value for Stakeholders.

In the first half of the year, the company conducted 459 engagements (with 327 companies), of which 45% concerned sustainability issues.



## Geographical breakdown of engaged issuers



**459**

Engagements

**327**

Companies  
involved

**57%**

Individual  
engagements

**43%**

Collective  
engagement

**45%**

Focused on  
sustainability topics

**214**

Initiatives  
with C-suite

**112**

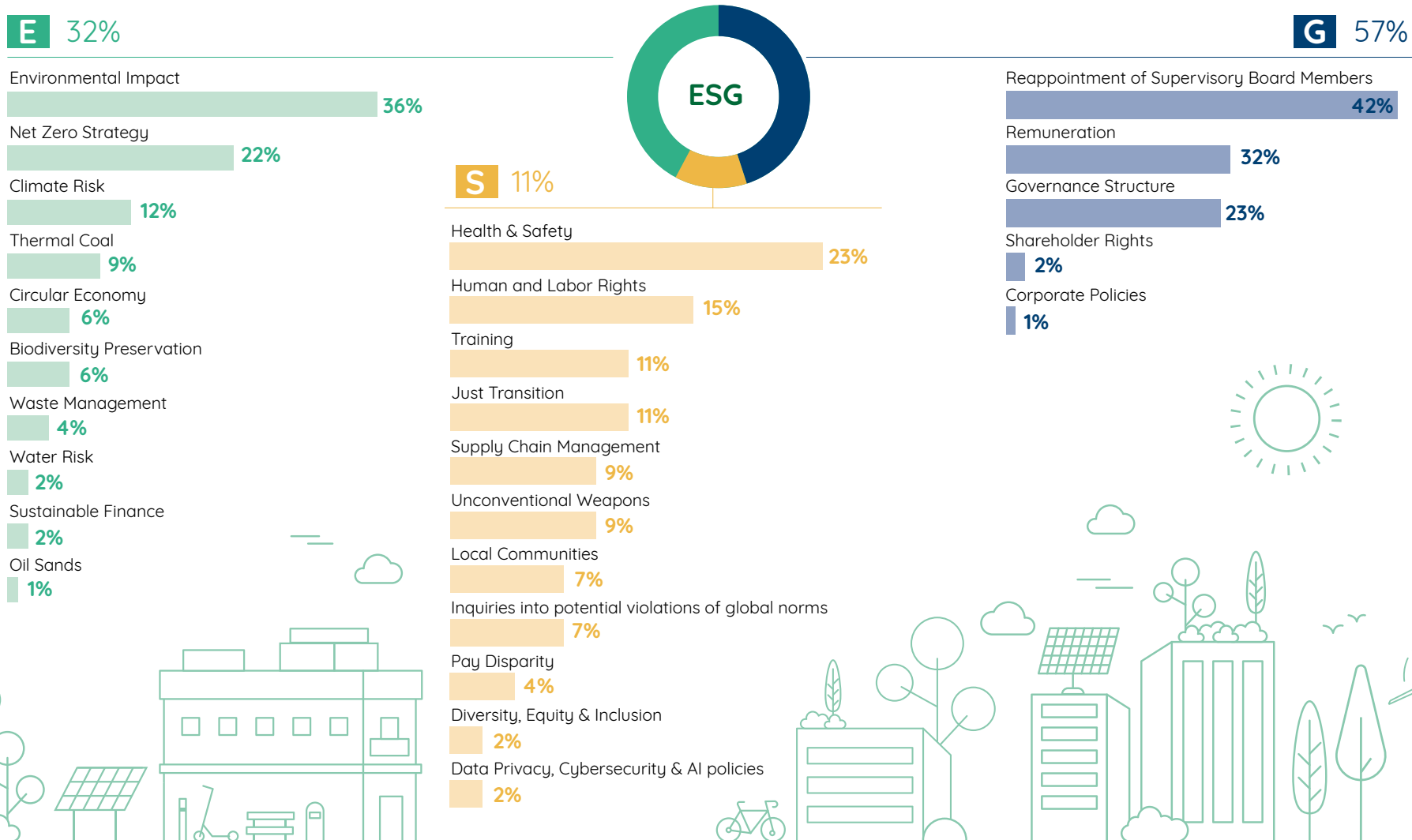
Engagement initiatives in the lead up  
to the exercise of voting rights



# The engagement activity

Sustainability topics addressed and sectors of the engaged companies in the first half of 2025

## Key Sustainability topics covered by the engagements



## Breakdown by sector of engaged issuers

Sector	No. Companies engaged by sector
Financials	57
Industrials	57
Consumer Staples	49
Consumer Discretionary	39
Information Technology	28
Utilities	26
Materials	24
Health Care	17
Energy	13
Communication Services	12
Real Estate	5

# Case studies on engagement activities



## Climate Change

**SECTOR:** Utilities

**GEOGRAPHICAL AREA:** Southern Europe

**OBJECTIVE:** Thermal Coal phase-out timeline and Net Zero Strategy

**ENGAGEMENT METHOD:** Two-way, individual

### MEETING SUMMARY:

- The company is evolving into a sustainability-focused utility, reducing carbon-intensive lignite to 15% of its energy mix (FY2024) with a firm goal to be coal-free by 2026, having already cut Scope 1 CO<sub>2</sub> emissions by 58% since 2019, while doubling its renewables capacity and aiming for ~12 GW by 2027.
- In 2024, the Science Based Targets Initiative (SBTi) formally validated the company's near-term and long-term greenhouse gas reduction targets, confirming its commitment to reaching net zero emissions by 2040 in line with the 1.5 °C pathway of the Paris Agreement.
- As part of its net-zero commitment, the company has completed a feasibility study on converting depleted coal mines into hybrid pumped-hydro storage. Construction of two pumped-hydro stations is included in the Business Plan, with permits secured and designs well advanced, leveraging existing mine infrastructure for efficient energy storage.

**OUTCOME AND FUTURE ACTIONS:** Positive

The company has set a target to achieve carbon neutrality by 2050, with both near-term and net-zero targets validated by the SBTi as aligned with the 1.5 °C pathway and has confirmed 2026 as the final year for lignite phase-out, with no plans to expand coal operations.



# Case studies on engagement activities



## Biodiversity

**SECTOR:** Materials

**GEOGRAPHICAL AREA:** Latin America

**OBJECTIVE:** Comprehensive overview of commitments and strategies to address deforestation and biodiversity loss

**ENGAGEMENT METHOD:** Two-way, collective within the Nature Action 100 initiative

### MEETING SUMMARY:

- The Company has made significant progress on environmental targets, including connecting large areas of native forest fragments—some involving local communities and Indigenous Peoples—to support national goals of protecting 30% of land by 2030. Additionally, the Company has implemented innovative land and water management practices across critical watersheds, achieving measurable progress toward water availability targets, supported by a structured plan to address ongoing challenges.
- In pursuit of continuous improvement in biodiversity management, the Company launched a broad initiative in 2024 to enhance biodiversity measurement and leverage new technologies for data collection. Key actions include the adoption of the STAR (Species Threat Abatement and Restoration) methodology through collaboration with IUCN, offering insights into areas with endangered species and supporting the development of targeted mitigation strategies involving communities and public authorities.
- The Company reaffirms its commitment to aligning with the TNFD recommendations in 2026, using 2025 data, building on a gap analysis initiated in 2023 and deepened in 2024. Through the use of both the LEAP approach and the Natural Capital Protocol, the Company is assessing its nature-related impacts and dependencies to better prioritize sensitive areas and critical species.

### OUTCOME AND FUTURE ACTIONS: Positive

The Company provided extensive details on its environmental and biodiversity efforts, highlighting progress toward national conservation goals, the launch of a comprehensive biodiversity initiative in 2024, and its ongoing alignment with the TNFD framework in 2026, using advanced tools and cross-sector collaboration to assess and address nature-related risks and priorities. Eurizon will continue to monitor progress towards the stated objectives and commitments.





# Case studies on engagement activities



## Human Rights

**SECTOR:** Materials

**GEOGRAPHICAL AREA:** Central Europe

**OBJECTIVE:** To conduct a thorough follow-up and monitoring of health and safety risk management, particularly in response to recent serious incidents at the company's operational sites.

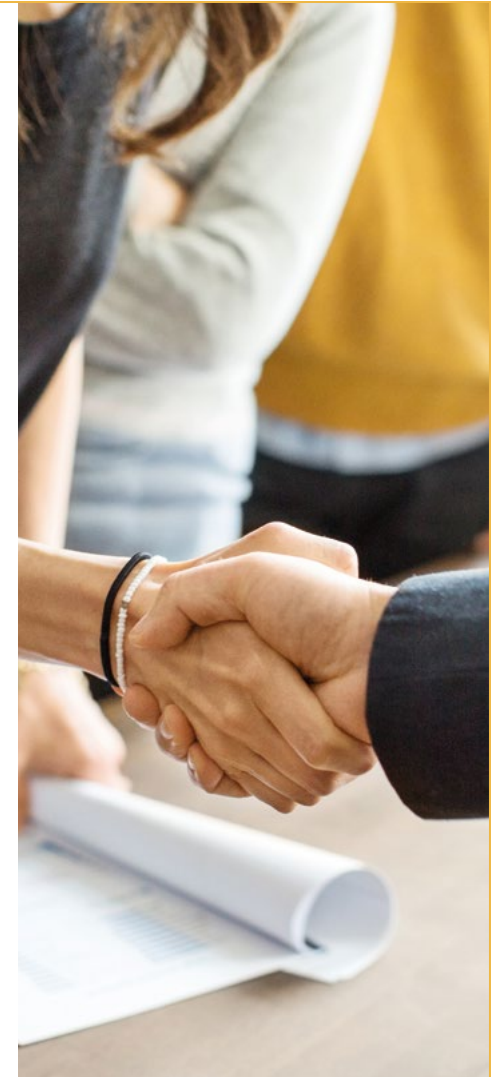
**ENGAGEMENT METHOD:** Two-way, individual

### MEETING SUMMARY:

- For the second consecutive year, we met with the company to discuss human rights and labour management issues. During last year's meeting, the company stated that it was conducting an external investigation and implementing new health and safety measures in response to a fatal explosion at one of its mines in November 2023. These measures included prioritised inspections and a comprehensive review of safety policies. These actions were expected to be completed by September 2024.
- The company stated that, while the audit confirmed the strength of its H&S policies, it also revealed uneven implementation. This has led to a renewed focus on building a unified 'One Safety Culture' across employees and contractors, supported by executive incentives tied to safety targets. The company's three-year plan includes reinforcing the assurance model up to board level, setting up a corporate safety team to oversee performance and securing health and safety certifications for its sites before extending them to contractors.
- The company has started to implement the recommendations of the audit by completing most of the interim actions of the Fatality Prevention Standard audit, developing unit-specific work plans and prioritising sites for the new process safety management (PSM) framework, and applying PSM to all new projects.

**OUTCOME AND FUTURE ACTIONS:** Progress has been made, but further action is needed

The company needs to strengthen its safety culture by improving risk identification, enhancing assurance models, embedding safety behaviors, standardizing contractor management, adopting best practices in PSM, and integrating health and safety into all business processes. Eurizon will continue to monitor the issuer to assess progress in adopting effective measures to protect the health and safety of its workers.



# Case studies on engagement activities



## Governance

**SECTOR:** Consumer discretionary

**GEOGRAPHICAL AREA:** Southern Europe

**OBJECTIVE:** Key insights into the governance structure and remuneration policy

**ENGAGEMENT METHOD:** Two-way, individual

### MEETING SUMMARY:

- The company has recently undertaken various initiatives to strengthen its governance: (i) it has established a Sustainability Committee; (ii) it has adopted long-term incentive plans for management, linked to specific ESG objectives; (iii) it has launched initiatives to further improve diversity in the leadership team, confirming that this objective will remain a priority for 2025.

Despite this progress, the following areas of weaknesses remain:

- The current executive compensation is considered excessive compared to competitors and performance. The lack of transparency on the details, motivations, and metrics used to define remuneration does not allow shareholder to assess its effectiveness and fairness. Added to this, the company does not allow a “say on pay” shareholder vote.
- The current composition of the company’s board committees is not in line with best governance practices. The presence of an executive member on both the Nomination Committee and the Remuneration Committee, despite the independent majority, represents a potential risk to shareholders’ interest. Finally, the Audit Committee lacks a director with specific financial expertise, which could weaken the supervision of reporting and auditing processes.

### OUTCOME AND FUTURE ACTIONS: Negative

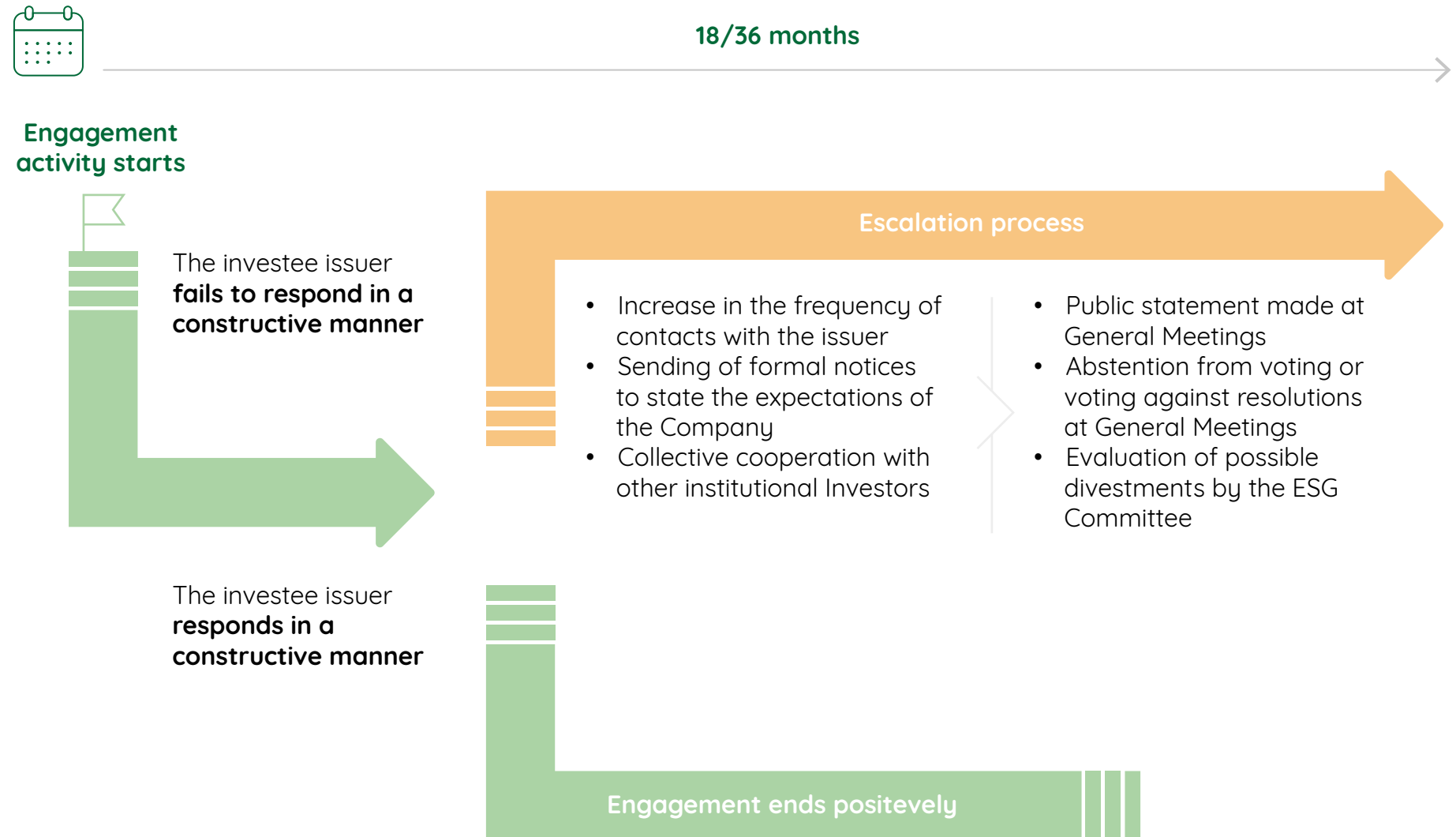
The company has demonstrated progress in terms of governance, but action is needed to address the identified weaknesses. At the 2025 annual meeting, Eurizon did not support the re-election of board members deemed accountable for these issues. We will continue to monitor future developments to ensure that they are effectively aimed at aligning the interest of management with those of shareholders, mitigating conflicts of interest, and enhancing oversight.



# The escalation process

Eurizon's Engagement Policy outlines a specific "escalation" procedure for issuers deemed "critical", namely those companies with a higher exposure to environmental, social, and governance risks.

The escalation process may result in restrictions or exclusions from the Investment Universe of individual managed assets, and in the most severe cases may lead to the decision to divest.







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