

## STRATEGY FOR THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS ATTACHED TO THE FINANCIAL INSTRUMENTS HELD IN THE MANAGED UCIS

In accordance with the provisions stipulated by art. 35-decies of the Consolidated Law on Finance and art. 112 of the Intermediary Regulation adopted by Consob with resolution no. 20307/2018, Eurizon Capital SGR S.p.A. (hereinafter also referred to as "the SGR") has adopted a set of procedures and measures aimed at:

- monitoring the company's activities pertaining to the financial instruments held in the portfolio of the managed UCIs, when this is required by the characteristics of the financial instruments incorporating the rights to be exercised;
- determining when and how participation and voting rights may be exercised based on a cost-benefit analysis that also takes into account the objectives and investment policy of each managed UCIs.

Within this scope, the SGR carries out ongoing monitoring of issuer companies' relevant activities and undertakes – also following the adoption of the *Italian Stewardship Principles and related best practice Recommendations* for the exercise of administrative and voting rights in listed companies, defined by Assogestioni – to adopt and apply the following strategy for the participation and voting rights attached to the financial instruments held in the managed UCIs, in order to ensure that these rights are exercised to the exclusive benefit of the UCIs' investors.

On behalf of the managed portfolios, the SGR participates at the shareholders' meetings of selected companies with shares listed on the Italian Stock Exchange and on foreign exchanges, taking into account the benefits for the managed portfolios resulting from such participation, as well as the opportunity to influence decisions regarding the shares with voting rights held by the SGR.

As for the reasons that drive the decisions to exercise participation and voting rights at Shareholders' Meetings, the SGR has identified the following quantitative and qualitative criteria:

- participation at all shareholders' meetings and interaction with the Board of Directors of those companies where the SGR holds a significant share capital, as identified from time to time within the internal procedures;
- participation at the shareholders' meeting that are deemed relevant to the managed portfolios' benefit in order to identify situations of particular interest for the purpose of protecting and supporting the interests of minority shareholders;
- contribution to the election of members of the board of directors or boards of statutory auditors through the slate voting mechanism, representing minority shareholders;
- participation at those shareholders' meeting approving extraordinary transactions where such participation is needed to support or challenge the proposed transaction, in the interests of the managed portfolios.

The SGR is not bound by any shareholder voting or blocking agreements.

The participation at a shareholders' meeting and the exercise of related voting rights is authorized by the Chief Executive Officer of the SGR on a reasoned proposal from the Head of the Corporate Governance Unit within Corporate Governance & Sustainability, in coordination with the Investment Department and the Head of the Sustainability Unit.

In this regard, the Corporate Governance Unit establishes the proposals for the voting instructions, on the basis of analyses, on further examination carried out on public documents, on outcomes of interaction with companies (so called "engagement"), on input from the advisor specializing in research supporting corporate governance decisions and voting recommendations, as well as on input provided by the Investment Department and the Head of the Sustainability Unit.

The Chief Executive Officer defines the voting instructions and any specific issues to be presented in the interest of the investors, independent from any influence exercised within or from outside the SGR, and chooses the best way to attend the Shareholders' Meetings.

In this respect, the SGR has defined specific internal procedures that prevent the circulation of information among the different companies of the Group and the Parent company, Intesa Sanpaolo, as regards the exercise of voting rights attached to the managed shareholdings, or internally to each company among the organizational structures subject to segregation (so-called "Chinese Wall").

The following are considered by the SGR as conflict of interest situations: the exercise of voting rights attached to the financial instruments held in the managed portfolios issued by a company of the Group or by companies with which the SGR, its significant shareholders or Group companies, maintain strategic relationships, or with respect to which other Group companies appoint or designate one or more members of the governing bodies. In this regard, the SGR has adopted the Protocol of autonomy for the management of conflicts of interests issued by Assogestioni for the purpose of the Company's decisional autonomy pertaining

to the provision of management services. As a preventive measure, within such scope, the SGR does not exercise the voting right attached to the shares held in the managed portfolios issued by direct or indirect controlling companies, or with respect to which other companies belonging to the same Group as the SGR appoint or designate one or more members for issuer companies' governing bodies. In such situations, the Company can still aggregate its shareholdings related to the managed portfolios, in order to contribute to the achievement of the minimum quorum required by the applicable rules in force from time to time for the submission of candidate slates for the renewal of the Board of the companies concerned.

Regarding the methods for the exercise of participation and voting rights, in reference to specific shareholder meetings, it must be noted that the SGR may delegate this function to specialized third parties, providing explicit instructions for the exercise of such rights. In any case, the SGR does not delegate the exercise of voting rights attached to shares held in the managed portfolios to any Group companies or to their representatives, except in the case of another SGR and ensuring that the voting exercise performed by the delegated subject is in accordance with the interest of the UCIs investors and of its clients. If deemed to be the most efficient way in the interests of the managed products, the SGR reserves also to make use of the "proxy voting" or the "electronic voting" that may be provided by issuers.

Within the exercise of its rights related to the selection and appointment of candidates to be elected for Board of Directors or Statutory Auditors of Italian listed companies, as part of the minority slates representing institutional investors, the SGR shall comply with the principles and criteria defined by the Committee for the Corporate Governance of Assogestioni, which sets forth the requirement for professionalism, honour and independence of the candidates as well as the conditions for non-eligibility and incompatibilities. In this regard, the SGR also makes reference to the Italian Corporate Governance Code for companies listed on the Italian Stock Exchange, and to international best practices.

As signatory to the "Principles for Sustainable Investment" of the United Nations (UN PRI), the SGR pays close attention to the policies implemented by the issuer companies in which it invests on behalf of managed UCIs, in the belief that sound corporate governance policies and practices (incorporating environmental, social and governance aspects) create value for shareholders in the long term. In this context, the specialized research used by the SGR to support investment decisions and the exercise of engagement and voting rights also includes information on issuers' social and environmental responsibilities, aimed at identifying possible impacts in terms of reputation, competition and business opportunities determined by corporate governance decisions.

Based on their relevance, the SGR ensures transparency of its voting decisions and its approach towards voting and engagement in the annual UCIs-related financial statements. The SGR is in any case responsible for formalizing and storing the documentation related to the decisional process adopted for the exercise of the voting rights as well as the reasons supporting the decision-making process.

The independent members of the Board of Directors of Eurizon Capital SGR S.p.A. ensure the correct application of the principles and procedures regarding the exercise of voting rights attached to the financial instruments held in the managed portfolios, having full support from the specialized Corporate Governance Unit and the Compliance & AML function.

The SGR monitors the efficacy of the measures applied to the exercise of participation and voting rights and, in any case, reviews the strategy adopted at least once a year.

The SGR makes the present Strategy and any future updates available to the UCIs investors at its website [www.eurizoncapital.com](http://www.eurizoncapital.com).

*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.*