



EURIZON
ASSET MANAGEMENT

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

October 2023

Index

INTRODUCTION	3
PART I – SCOPE OF APPLICATION.....	3
PART II - ORGANISATIONAL SAFEGUARDS ADOPTED BY THE COMPANY	3
INTERNAL REGULATIONS.....	3
ROLES AND RESPONSIBILITIES.....	4
BOARD OF DIRECTORS	4
CONDUCTING OFFICERS.....	4
INDEPENDENT DIRECTORS COMMITTEE	5
INVESTMENTS DEPARTMENT.....	5
COMPLIANCE & AML FUNCTION.....	6
PART III - MEASURES ADOPTED TO IMPLEMENT THE “ITALIAN STEWARDSHIP PRINCIPLES”	6
POLICY OF THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS.....	6
MONITORING METHODS FOR PARTICIPATING ISSUERS	7
CONSCIOUS EXERCISE OF VOTING RIGHTS	9
REPORTING.....	10
PART IV - UPDATES AND TRANSPARENCY	10
CONTROLS AND UPDATES	10
TRANSPARENCY	10

INTRODUCTION

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

The Company has a fiduciary commitment aimed at protecting and creating value for its Clients and Investors, which requires it to effectively address issues related to the corporate performance of the companies in which it invests on behalf of the assets under management. In this context, the Company attaches importance to the oversight of the "corporate governance" of the investee issuers.

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

This document represents the "Engagement Policy" adopted by the Company and describes the conduct that the Company adopts to stimulate discussion with the issuers in which it invests, integrating its commitment as a shareholder in its investment strategy.

This document comprises four sections:

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

PART I – SCOPE OF APPLICATION

This Policy describes the procedures adopted by the Company in terms of engagement with the companies in which it invests, regardless of the type of asset class.

Based on this, with reference to shares, the Company favours dialogue and participation in Shareholder meetings of investees, based on a "targeted" approach to corporate governance, encouraging - by adopting the principle of proportionality - companies considered "significant" according to the qualitative/quantitative criteria indicated from time to time in internal regulations.

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

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

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

The principles contained in this Engagement Policy apply in relation to performance:

- the collective asset management service;
- investment services.

PART II - ORGANISATIONAL SAFEGUARDS ADOPTED BY THE COMPANY

INTERNAL REGULATIONS

The Company adopted, in compliance with sector regulations, specific organisational measures and/or procedures aimed at ensuring, where discretionary rights have been attributed regarding the administration

and voting relative to its shareholdings in investee companies, the independence and autonomy in exercising such rights. In this context, the Company has set out a specific voting strategy.

In this regard, the Company has adopted special internal procedures, suitably formalized, relating to the procedures for exercising the right to intervene and vote inherent in "managed" shareholdings and describing the safeguards put in place to ensure alignment with the provisions of EU and national regulations. In particular, the measures are formalized:

- for designating the persons who are responsible for making decisions on how to exercise voting rights;
- to prevent the circulation of information between the various companies of the Group and the Intesa Sanpaolo Parent Company in relation to the exercise of voting rights connected to the shareholdings managed;
- to attribute the exercise of voting rights to duly authorized structures that act in the interests of investors and independently of any internal and external influence on the company.

Participation in Shareholders' meetings takes place in the sole interest of managed portfolios and market integrity, with the aim of minimizing the risk of conflicts of interest. In conflict situations, the Company shall in any case act so as to ensure fair treatment, in compliance with applicable Group and Company policies.

ROLES AND RESPONSIBILITIES

The Company assigns importance to activities related to monitoring and engagement with the companies in which it invests, as well as participation in the relevant Shareholders' Meetings.

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

- Board of Directors;
- Conducting Officers;
- Independent Directors Committee;
- Investments Department;
- *Compliance & AML* Function;

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

BOARD OF DIRECTORS

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

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

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

CONDUCTING OFFICERS

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

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

individual meetings, to be given to specialised third party companies, giving explicit instructions.

INDEPENDENT DIRECTORS COMMITTEE

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

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

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

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

INVESTMENTS DEPARTMENT

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

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

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

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

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

COMPLIANCE & AML FUNCTION

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

In particular, the *Compliance & AML Function*:

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

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

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

POLICY OF THE EXERCISE OF PARTICIPATION AND VOTING RIGHTS

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

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

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

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

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

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

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

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

- overall, the Company has a marginal investment;
- it is necessary to block the availability of financial instruments for a period of time considered too long, which would influence management strategies;
- the agenda of the shareholders' meeting does not envisage the discussion of significant topics;

- the necessary administrative costs, also considering expected procedures in some countries, are considered to outweigh the expected benefits of participation in the meeting, above all in the case of positions arising from short-term investment strategies.

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

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

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

MONITORING METHODS FOR PARTICIPATING ISSUERS

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

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

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

The Company, through its Parent Company Eurizon Capital SGR, is involved in initiatives at national and international level which promote the integration of sustainability principles in the financial sector; it participates in work groups for the development of ESG-related best practices, and in training events and conferences, to share its experience.

The Company also draws on the United Nations (UN PRI) "*Principles for Sustainable Investment*" to which the parent company Eurizon Capital SGR is a signatory and gives particular attention to the policies adopted by issuers in which it invests managed assets, in the belief that sound corporate governance policies and practices (which cover *environmental, social and governance issues*) are able to create long-term shareholder value. In this context, the Company has also adopted a methodology for the selection of financial instruments which takes into account the principles the *Environmental, Social and Governance* (ESG) factors and principles of *Sustainable and Responsible Investments* (SRI). These strategies, intended to integrate sustainability risks in the Investment Process for managed assets, are governed in the "*Eurizon Capital S.A. Sustainability Policy*", of which a summary is available on the Company's website.

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

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

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

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

For these issues, the Company encourages investees to define appropriate corrective actions, classified based on their sector.

The Company also assesses the activities contemplated in Regulation (EU) 2020/852 (the “Taxonomy” Regulation) and analyses, where appropriate, information made available by investee issuers, such as investments, or investment plans, regarding operational activities referring to the activities indicated in the Regulation.

CLIMATE CHANGE MITIGATION AND ADAPTATION

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

To mitigate the impact of investments on the climate, the Company’s Sustainability Policy envisages specific exclusions or restrictions for¹ issuers operating in sectors considered “not responsible”, providing for specific *engagement* processes with companies that have a greater exposure, also with the aim of ensuring that no new projects are started, and that the gradual *phase out* of these activities is monitored. The *ESG & Strategic Activism* Function of the Parent Company Eurizon Capital SGR monitors engagement initiatives aimed at establishing a constructive dialogue with the issuers identified, notifying the results to the ESG Committee.

Lastly, the Company, with the support of the *ESG & Strategic Activism* Function of the Parent Company Eurizon Capital SGR, encourages investees operating in the fossil fuels sector (i) to adopt and publish targets to reduce greenhouse gas emissions including methane emissions, both in the short- and medium-term, according to strategies in line with the Paris Agreement; (ii) to commit to gradually reducing the production and use of fossil fuels such as coal, oil and natural gas/methane; (iii) to publish information on own investment plans and provide periodic disclosure on progress made.

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

In line with the United Nations’ Sustainable Development Goals, the Company encourages issuers to develop policies and practices aimed at an effective management of their own human capital. In fact, companies are required to protect worker health and safety throughout the production chain and to commit to fostering a company culture that ensures good health and safety practices, putting in place a clear management system for monitoring, and if necessary, adopting corrective measures.

The Company encourages issuers to adopt *due diligence* processes referred to their impact on human rights, and to adopt robust, fair governance models, with the aim of reducing risks of violating human rights.

The Company’s Sustainability Policy has specific exclusions or restrictions for issuers that are clearly involved directly in the manufacture of non-conventional weapons.

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

GOOD CORPORATE GOVERNANCE PRACTICES

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

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

The Head of Investments monitors, also with the support of the *ESG & Strategic Activism* structure of the outsourcer Eurizon Capital SGR, the evolution of the performance, corporate governance and sustainability of the participated companies, in order to evaluate the activation of a comparison with the representatives of the

¹ The exclusions are applied to all active management products, while in the case of Limited Tracking Error products and index-linked products (with the exception of those that specifically integrate ESG factors), the maximum direct investment allowed is equal to the weight of the issuer in the sustainable benchmark.

companies invested. The purpose of this interaction is to identify any problems in advance and minimize, at the same time, potential losses in value.

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

COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS:

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

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

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

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

CONSCIOUS EXERCISE OF VOTING RIGHTS

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

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

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

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

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

The Company considers exercising the right to vote concerning financial instruments of managed assets issued by group companies or by companies with whom the Company, its significant members or group companies have strategic relations or in relation to which group companies of ECSA appoint one or more members of corporate bodies as a conflict of interest. Therefore, the Company has adopted the *Protocol of Autonomy* for the management of conflicts of interest prepared by Assogestioni with the aim of safeguarding the Company's decision-making autonomy in its choices concerning the provision of management services. In this context, as a preventive measure to neutralise the same, the Company does not exercise the right to vote concerning shares of managed assets issued by companies that are directly or indirectly parents, or in relation to whom ECSA Group companies appoint or designate one or more members of the company boards. The Company may still aggregate shares of managed assets issued by these companies in order to reach the

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

With reference to procedures to exercise participation and voting rights, ECSA may delegate - for each single meeting, specialist third-party companies, giving them specific voting instructions. In any case, ECSA does not delegate Group companies or officers to exercise the right to vote concerning shares of managed assets, apart from the case of another management company, and ensures, in any event, that the delegated party exercises the right to vote in compliance with the interest of participants in the UCIs or their clients.

REPORTING

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

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

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

These documents include both qualitative and quantitative information.

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

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

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

PART IV - UPDATES AND TRANSPARENCY

CONTROLS AND UPDATES

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

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

TRANSPARENCY

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