



# Eurizon Capital S.A.

## Stewardship

report 1st semester 2023

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

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# Introduction



This report describes the Stewardship activity carried out by Eurizon Capital S.A. (hereinafter also “Eurizon” or the “Company”) during the first semester 2023.

ECSA takes part, on behalf of managed assets, in the Shareholder meetings of selected companies with shares listed on international markets, according to the procedures for implementing the “Independence Protocol” (drafted following Assogestioni, the Italian Asset Managers Association, guidelines) adopted by the Company for the management of conflicts of interest and in compliance with its “Strategy for the exercise of participation and voting rights inherent to the financial instruments pertaining to the managed assets<sup>1</sup>” (hereinafter also “Strategy”).

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” factors) 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).

*The Company has a fiduciary duty to create and protect value for its Clients and Investors, which requires to effectively address issues related to the companies in which assets are invested on behalf of the managed portfolios.*

# About us



## OUR values

- Passion:** we work with professionalism and face daily challenges with courage.
- Responsibility:** we take on the responsibility for the effects of our actions, committing ourselves beyond normal care and diligence.
- Integrity:** we consistently uphold our values and our promises as we feel responsible for the trust of those who count on us.
- Sustainability:** we value the impacts of our actions and decisions in the medium / long term, harmonizing our choices with the principles of social responsibility.
- Excellence:** we pursue the quality of results and on-going improvement.

## OUR vision

We have the ambition to spread a culture that promotes the **value of people, their projects and of financial savings**: a financial humanism based on respect, responsibility and awareness of one's own qualities.

*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 the safeguarding and growth of its customers' assets, thus helping inspire greater trust in a more sustainable future.*

## OUR mission

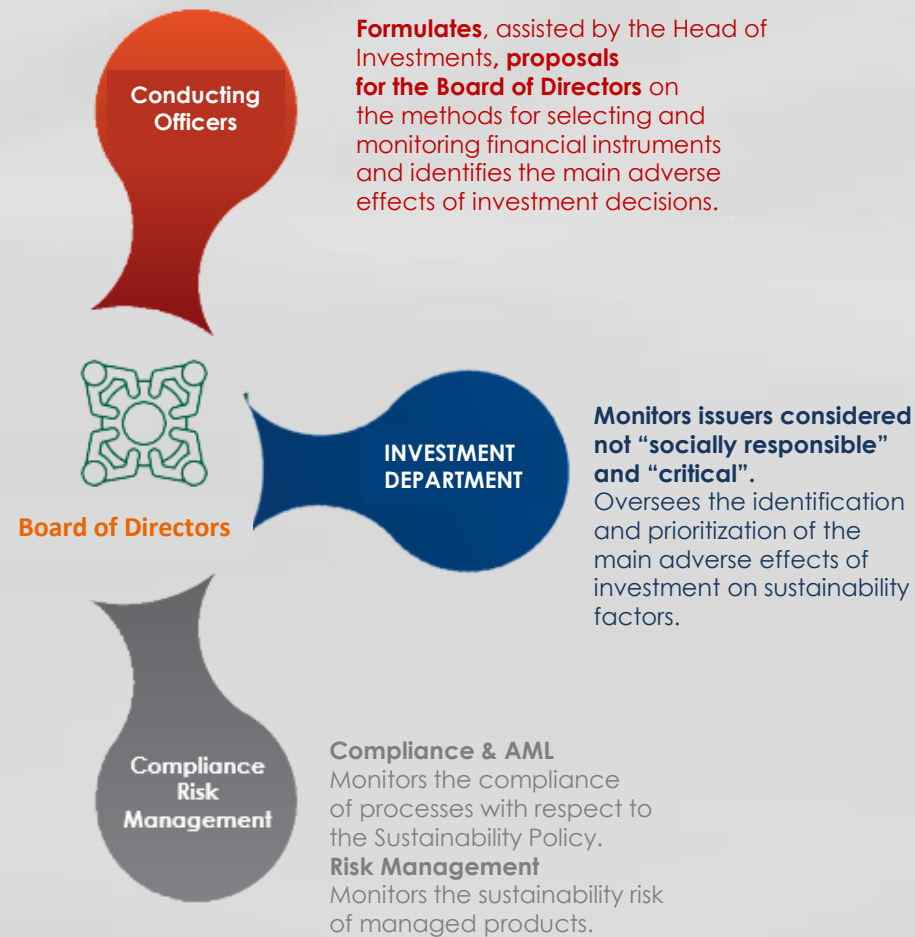
- We enhance** our customers' savings by creating and managing investment solutions tailored to their needs.
- We transform** the complexity of financial markets in opportunities.
- We cooperate** with companies in which we invest to promote respect for sustainable growth and high standards of governance.
- Reliability, innovation and a bespoke service** are our distinguishing features.

## OUR purpose

Innovating to invest in your future is our passion.

# Our People

## Eurizon operating model - roles and responsibilities



## Competent structures of the Parent Company Eurizon Capital SGR

### ESG COMMITTEE

*Defines and submits to the BoD proposals on sustainable and responsible issues*  
*Oversees the escalation process in relation to “critical issuers”*

### FINANCIAL, CREDIT AND OPERATIONAL RISK COMMITTEE

*Monitors the results of the analyses of the impacts of sustainability risks on financial products and the possible actions to mitigate the adverse effects connected with investment decisions*

### ESG & STRATEGIC ACTIVISM

*Oversees the dissemination and adoption of sustainability principles, promoting the integration of environmental, social and governance factors in the Investment Process.*

### LONG TERM SUSTAINABLE STRATEGIES

*Monitors corporate issuers, also using info-providers specialised in ESG and SRI matters in order to identify the lists related to (i) issuers deemed as non “socially responsible”, (ii) issuers with a high exposure to ESG risks (“critical issuers”); Oversees activities to identify the main adverse effects of investment decisions*

Eurizon has adopted an operating model involving corporate bodies and structures to which specific roles and responsibilities are assigned for the monitoring and management of sustainability risks.

In particular, within the Parent Company Eurizon Capital SGR, the ESG & Strategic Activism structure oversees the dissemination and implementation of the principles of sustainability of investments (SRI) and the Stewardship activity, and has specific expertise in:

- **Corporate Governance**, i.e. (i) monitoring and management of shareholders' meetings in relation to the exercise of voting rights for shares held by the assets managed by the Company, collaborating and discussing, where necessary, with the Sustainability unit;
- **Sustainability**, i.e. coordinating the Company strategy for Sustainability and Responsible Investment issues, supporting Top Management in relation to the integration of environmental, social and governance factors in the Company's Investment Process.

# Asset Management Division

## Participation in national and international initiatives



### ENDORSER OF THE PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) PROMOTED BY THE UN (SINCE 2015)

Eurizon endorses the “Principles for Responsible Investment” promoted by the United Nations on the initiative of “UNEP FI” and “UN Global Compact” to favour the integration of ESG factors in the analysis of investments and internal processes.

**2023 - As signatory of the Net Zero Initiative**, Eurizon joins the **PRI Listed Equity Working Group** and published the case-study “Addressing emissions in the Cement Sector” focused on the decarbonization of the cement industry. The study describes the key criteria applied by Eurizon when evaluating the alignment of issuers operating in the industry to the Net Zero scenario.

**Eurizon is endorser of the Advance Initiative**, which promotes collaboration among institutional investors on taking action on human rights and social issues through targeted Stewardship initiatives.



### ENDORSER OF THE STEWARDSHIP PRINCIPLES (SINCE 2014)

The principles provide a set of best practices aimed at promoting discussion and cooperation between Investment Management Companies and the listed issuers in which they invest.

Eurizon is also part of the:

- **Investment Managers’ Committee**, through which contributes to the election of independent directors and statutory auditors of issuers listed on the Italian Stock Exchange.
- **Corporate Governance Committee**, which promotes the good corporate governance culture among market players.



### EURIZON JOINED THE INTERNATIONAL CORPORATE GOVERNANCE NETWORK (SINCE 2016)

### MEMBER OF THE INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (SINCE 2021)

Eurizon participates to:

**Proxy Advisor Engagement Working Group**, aimed at raising Proxy Advisors’ awareness on taking into consideration in their analysis the companies’ commitment towards Net Zero.

**Net Zero Engagement Initiative**, forum aimed at accelerating the implementation of collective engagement activities among those investors which have set their Net Zero commitment.

**Bondholder Stewardship Working Group**, promoting best practices for fixed-income investors with regard to Stewardship activities on climate change and the transition towards the Net Zero achievement; in this regard, Eurizon has contributed to publish the “**Net Zero Bondholder Stewardship Guidance**”, providing recommendations, core instruments and case studies to support and improve the Stewardship initiatives focused on climate neutrality of the fixed-income sector.



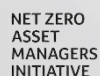
### ORDINARY MEMBER OF THE FORUM FOR SUSTAINABLE FINANCE (SINCE 2021)

**2023 - Eurizon supported the manifesto “Say on Climate”** promoted by the French **Forum pour l’Investissement Responsable**.



### SIGNATORY (SINCE 2014)

**2023 - Eurizon supported the “CDP Non-Disclosure Campaign”** aimed at promoting further transparency in those companies acknowledged to be particularly exposed to climate change risk, to deforestation and water management.



### MEMBER OF NET ZERO ASSET MANAGER INITIATIVE (SINCE 2021)

Eurizon joins NZAMI, the international initiative promoted by Asset Management companies to support the goal of achieving zero net greenhouse gas emissions by 2050, in line with the Paris Agreement.

# Voting activity in the first semester 2023

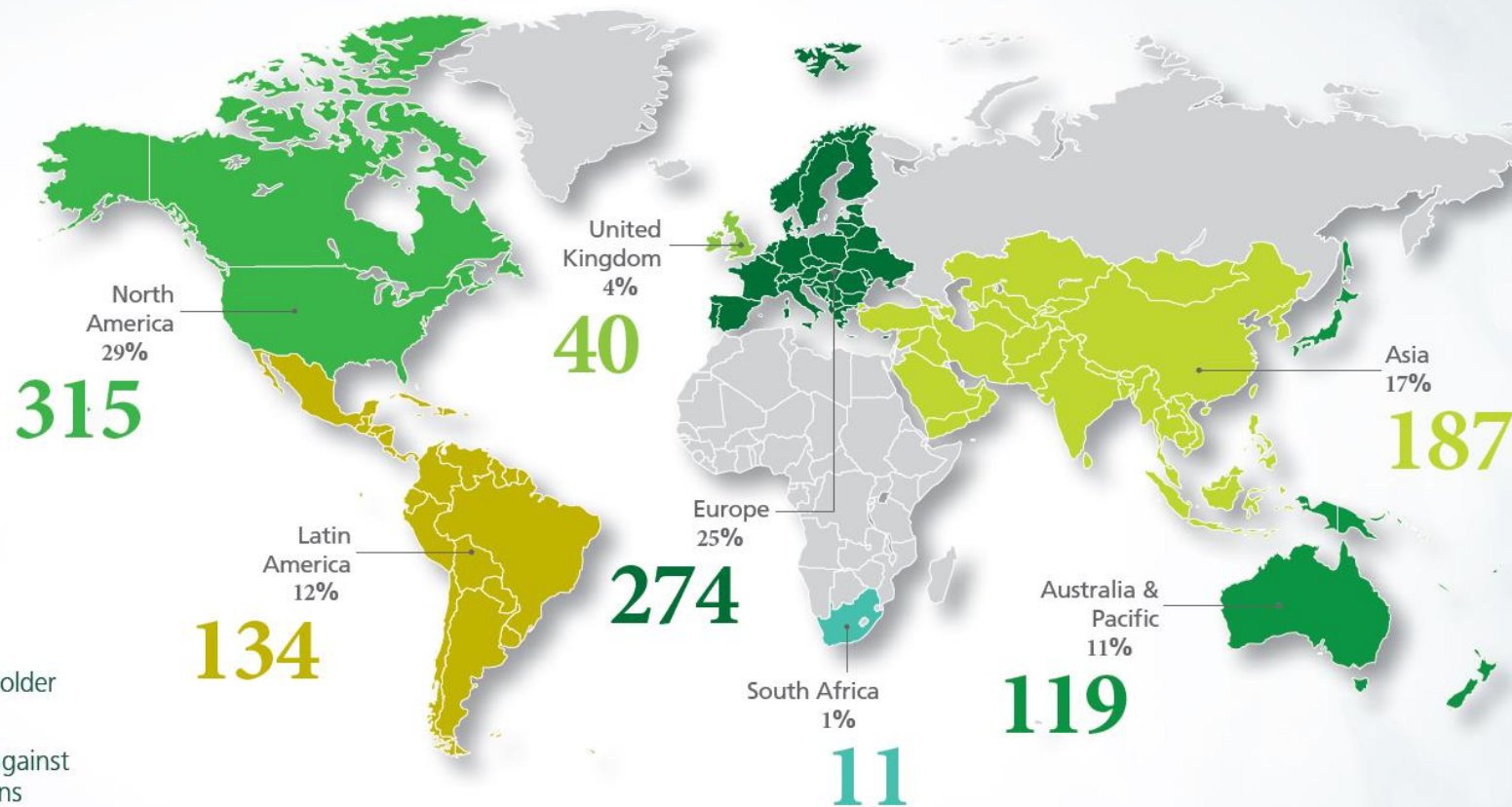
Through the exercise of voting rights, Eurizon actively participates in the life of companies in which it invests, by guiding their behavior and objectives.

During the first semester of the year, the Company participated at 1,080 shareholder meetings, 4% of which of companies listed on the Italian Stock Exchange and 96% listed abroad. The Company voted 15,760 resolutions, 14,993 of which were management proposal and 767 shareholder proposals.

- 1.080<sup>1</sup>** | Shareholders' meetings voted
- 15.760** | Agenda proposals voted
- 90%** | Environment and Social shareholder proposals supported
- 20%** | Shareholder proposals voted against Proxy Advisor recommendations

For details of the shareholders meetings voted, please refer to the Proxy Voting Dashboard and the document "Participation at General Meetings in the first semester 2023", available for consultation on [www.eurizoncapital.com](http://www.eurizoncapital.com)

## Geographical distribution of meetings voted

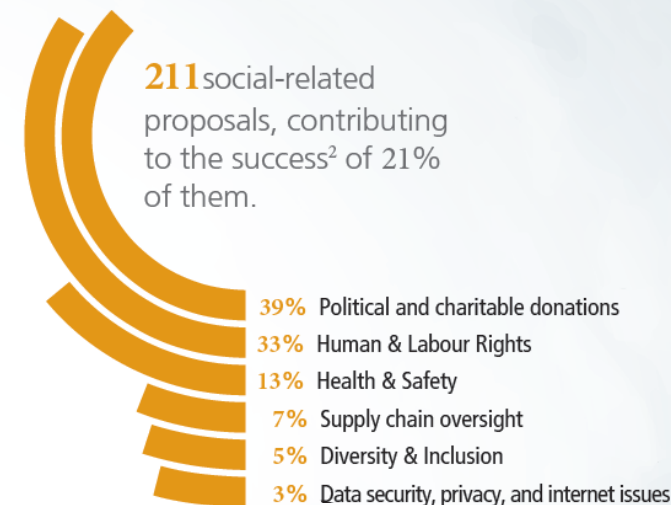
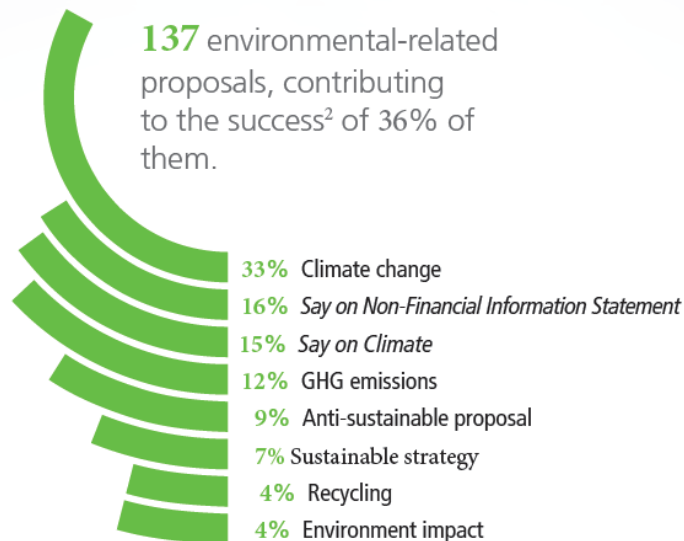


*Shareholder proposals allow investors to interact with the investee companies, submitting to the management issues deemed relevant in order to protect the interests of shareholders. Eurizon's support to such proposals, increasingly referred to environmental, social and governance issues, aims at establishing a dialogue with companies to encourage their sustainable growth.*

<sup>1</sup> - Displayed data do not include n.1 meeting for which Eurizon contributed to deposit the slate for the corporate bodies renewal, in coordination with Assogestioni and in representation of the minorities shareholders. In this specific case, the Company has not exercised the voting rights at the meeting in order to mitigate the potential conflict of interest.

## Voting **activity** in the first semester 2023

### Breakdown of E, S and G topics voted



### "Voto di lista"

**34**<sup>3</sup> | issuers for which at least one slate of candidates has been presented

**47%** | female representation among elected candidates<sup>4</sup>

**50** | board members elected

**46%** | female candidates elected to sit on the BoD

<sup>2</sup> - Success is defined as: For&Pass, Against&Fail, One Year&Pass, Abstain&Fail; failure is given by Against&Pass, For&Fail, Withhold&Pass, Abstain&Pass; on the other hand, we classify as N/A the following combinations No&Pass, Against&Withdrawn, For&Withdrawn, Against&N/A, Abstain&N/A.

<sup>3</sup> - Displayed data includes n.1 meeting for which the Company contributed to deposit the slate for the corporate bodies renewal, in coordination with Assogestioni and in representation of the minorities shareholders. In this specific case, the voting rights has not been exercised at the meeting in order to mitigate the potential conflict of interest.

<sup>4</sup> - Eurizon contributed to the election of 50 directors with 23 female representatives; 29 effective statutory auditors with 12 female representatives; 25 alternate auditors with 14 female representatives.



# The voting process



Eurizon Capital S.A. takes part in shareholder meetings of issuers with shares listed on Borsa Italiana and on International markets, evaluating the opportunity of its participation in the interest of the managed assets and in consideration of the possibility to impact on companies' decisions in relation to the voting rights of the shares held.

ECSA endorses (i) the "Stewardship Code" promoted by the European Fund and Asset Management Association (EFAMA) in order to encourage, at a European level, the development of good corporate governance practices and (ii) the "Italian Stewardship Principles" for the exercise of administrative and voting rights in listed companies and the related Best Practice Recommendations defined by Assogestioni.

In compliance with the regulation in force, Eurizon has adopted specific organizational and/or procedural measures aimed at safeguarding the independence and autonomy in exercising voting rights concerning the managed assets as provided in the 'Strategy to exercise participation and voting rights inherent to the financial instruments pertaining to the managed assets of Eurizon Capital S.A.' available on the Company's website [www.eurizoncapital.com](http://www.eurizoncapital.com).

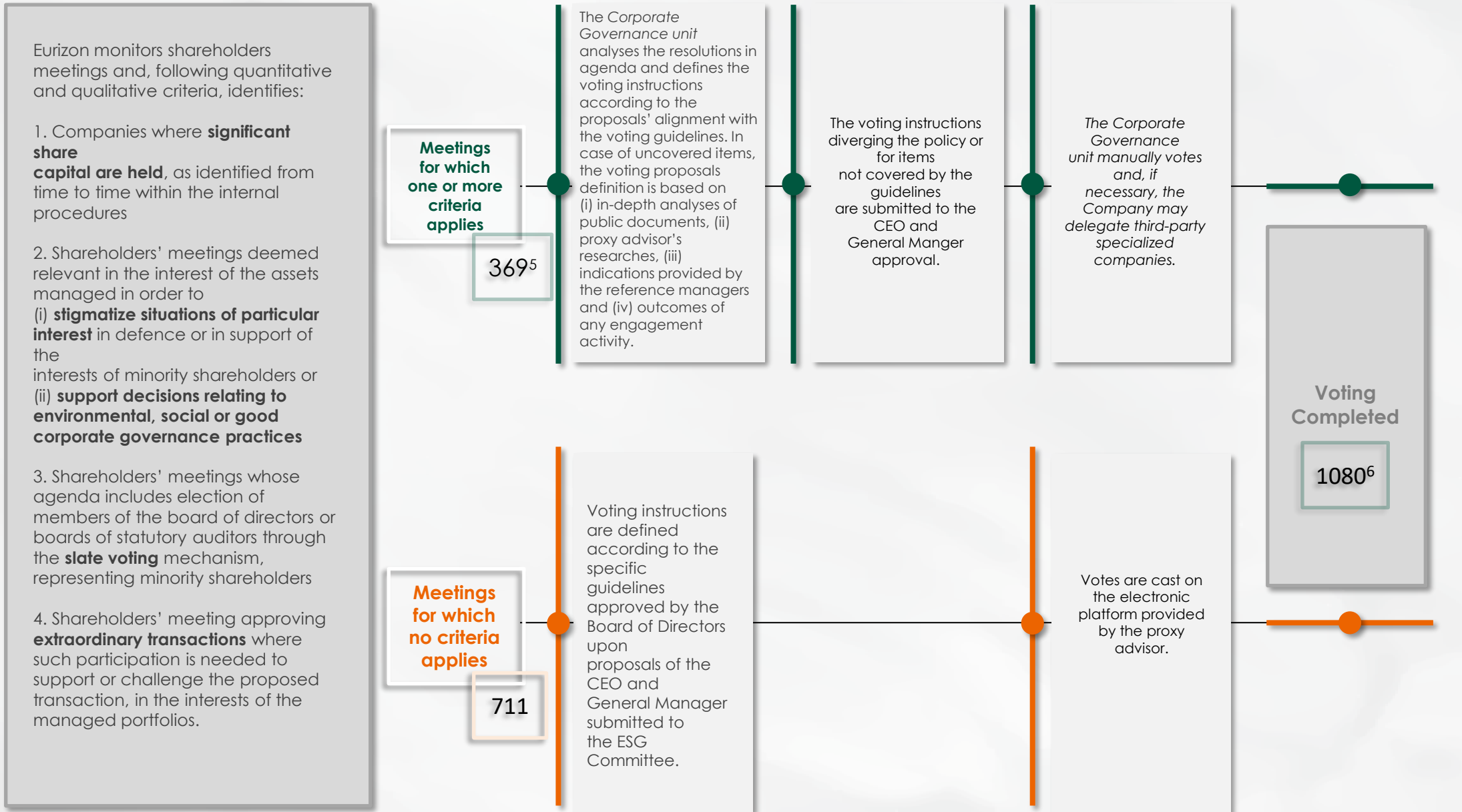
In the latest update of the Strategy, Eurizon has integrated the guidelines for defining voting instructions at shareholders' meetings, in line with the Italian Corporate Governance code as well as with the international best practices. The Company has a differentiated approach according to the practices of the issuers' reference markets and finalized at safeguarding the interest of the managed assets.

## «Voto di Lista»

Eurizon Capital S.A. contributes to the election of Statutory Auditors and/or Board Members of the 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 appointing candidates to be included on the minority slates on behalf of institutional investors, the Company complies with the principles and criteria identified by the Corporate Governance Committee of Assogestioni, which set the requirements of professionalism, integrity and independence of candidates, as well as the applicable ineligibility and incompatibility requirement. Moreover, the Company has adopted the Independence Protocol for the management of conflicts of interest prepared by Assogestioni, with the aim of safeguarding the independence of its decision-making.

# The voting process



5 - In detail, the breakdown of the events according to the identified criteria: (i) No. 33 meetings representing the appointment of statutory auditors or board directors of companies listed in Italy based on list voting, representing minority shareholders, (ii) 235 meetings that included situations of special importance, in defence or support of the interests of minority shareholders or in support of significant decisions referring to environmental, social and good corporate governance practices, and (iii) 101 meetings where deliberation on extraordinary transactions was planned.

6 - The displayed data does not include n.1 meeting for which the Company contributed to deposit the slate for the corporate bodies' renewal, in coordination with Assogestioni and in representation of the minority shareholders. In this specific case, the voting rights have not been exercised at the meeting in order to mitigate the potential conflict of interest.



# Eurizon Capital S.A.

## Stewardship

### report 1<sup>o</sup> semestre 2023

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