



FIDEURAM
ASSET MANAGEMENT IRELAND

ENGAGEMENT POLICY

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FOREWORD

Fideuram Asset Management (Ireland) Dac (hereinafter also “**FAMI**” or “**Company**”) believes that good standards of governance contribute to promoting confidence in the capital market and that the role played by institutional investors, asset managers and relevant advisors is fundamental in the investee companies’ internal debate. FAMI is committed to protect and create value for its own customers and investors and is required to effectively address the issues related to the corporate performance of the companies in which it invests on behalf of the assets under management. In this context, FAMI gives importance to the control of the so called “external corporate governance”, intended as the corporate governance in respect of the issuers.

To this purpose, FAMI fully supports the “*EFAMA Stewardship Code - Principles for asset managers’ monitoring of, voting in, engagement with investee companies*”, issued by the European Fund and Asset Management Association (EFAMA), with the aim of providing a range of best practices intended to encourage a responsible ownership by the associates, by stimulating an effective integration between the external corporate governance and the investment process, in the belief that issuers that implement high standards at social, environmental and corporate governance level are able to generate a better long-term performance for their own shareholders.

These Principles apply to companies providing collective asset management and portfolio management services to stimulate their debate and co-operation with the listed issuers in which they invest.

This document represents the engagement policy adopted by FAMI (the “**Engagement policy**”):

- pursuant to European Union (Shareholders' Rights) Regulations 2020 Article 1110 governing the way in which asset managers shall monitor the investee companies and shall interact with them, as well as
- transposing the *EFAMA Stewardship Code* for the exercise of administrative and voting rights in listed companies, to describe the behaviours that the company shall use to stimulate the discussion with the issuers in which it invests and integrating its engagement as a shareholder in the investment strategy.

SCOPE

FAMI, in line with the principles made by EFAMA, shall adopt a targeted approach to corporate governance, preferring, in application of the principle of proportionality, the participation in the meetings of shareholders and the so-called engagement with those companies in which a large number of shares is held.

FAMI shall not intend to implement a “micro-management” of the business of the investee listed issuers nor shall preclude itself any decisions to cede a holding, whereas it represents the most effective solution to protect the interest of the customers and investors.

The principles contained in this Engagement Policy shall apply in relation to the provision of the:

- collective asset management service;
- investment services.

In the case of discretionary allocation of the exercise of these attendance and voting rights attached to the asset under management, FAMI, in order to ensure independence and autonomy in the exercise of these rights, FAMI has developed a specific “*Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS funds under management*”.

ORGANISATIONAL CONTROLS ADOPTED BY FAMI

FAMI pursues the interests of investors in the assets it manages both through investment or divestment choices and when exercising voting rights at shareholder meetings, taking into account the usefulness of its participation with respect to the interests of the assets under management.

FAMI shall give emphasis to the activities related to monitoring and engagement with the companies in which it invests, as well as to the participation in relevant shareholders' meetings.

In this regard, FAMI will cooperate with the dedicated structure *ESG & Strategic Activism* corporate function of Fideuram Asset Management SGR S.p.A. ("FAM SGR"), with the aim of managing the active shareholding activity.

FAMI, together with *ESG & Strategic Activism* corporate function of FAM SGR S.p.A., shall co-ordinate the activities related to the participation in the shareholders' meetings in relation to the exercise of the voting rights attached to the shares held by the assets managed by FAMI, it shall monitor and co-ordinate the engagement with the relevant issuers referred to the significant issues in terms of strategy, financial and non-financial results, risks, capital structure, as well as in terms of social, environmental and corporate governance.

In this context, the Investments Department of FAMI is involved in the process of external corporate governance, with particular reference to:

- the sharing of relevant meetings to be attended;
- the participation in the definition of the proposals for the voting instructions and any additional instances to be expressed in the Meeting;
- the performance of the activities of management engagement.

The Compliance Function shall monitor the process of corporate governance and verify the correct implementation of the controls regulated in the external and internal legislation with particular reference to the management of the conflicts of interest.

The Board of Directors entitled the Managing Director to attend or delegate the attendance in both ordinary and extraordinary shareholders and/or bondholders Meetings of the companies whose securities are held in the portfolios managed by FAMI.

The Managing Director shall authorise the participation in a meeting and also define how to exercise the voting rights, the vote to be expressed and any specific instances to be expressed during the Meeting.

MEASURES TAKEN FOR THE IMPLEMENTATION OF THE “EFAMA STEWARDSHIP CODE”

PRINCIPLE No 1 - FAMI SHALL ADOPT AN ENGAGEMENT POLICY

Asset managers should have an engagement policy available to the public on whether, and if so how, they exercise their stewardship responsibilities. Where asset managers decide not to develop an engagement policy, they should give a clear and reasoned explanation as to why this is the case.

IMPLEMENTATION OF THE RECOMMENDATION:

As per Schedule 5, paragraph 74, paragraph 75 of the European Communities (UCITS) Regulations 2011, as updated from time to time, FAMI adopts specific organisational and/or procedural measures to ensure independence and autonomy in the exercise of the attendance and voting rights, in the presence of the discretionary attribution of the exercise of the voting rights attached to the holdings under management.

Accordingly, FAMI created a specific document, the “*Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS funds under management*” (the “Strategy”) made available to the investors. The Strategy shall define a set of procedures and measures to:

- monitor the corporate events related to the financial instruments held in portfolio by the UCITS under management, where required by the characteristics of the financial instruments incorporating the rights to be exercised;
- assess how and when to exercise the attendance and voting rights, on the basis of a cost-benefit analysis which also takes into account the objectives and the investment policy of each UCITS under management and/or any specific indication given by FAMI clients or investors.

In detail, the Strategy shall define the procedures to:

- monitor the investee listed issuers, including through an active dialogue;
- manage the situations of conflict of interests;
- prevent the circulation of information among Group companies and Ultimate Parent Company (so called “*Chinese Wall*”);
- appoint the persons responsible for the decisions concerning the way to exercise the voting rights;
- apply the intervention strategy and the engagement approach (both independently and collectively, also considering the adherence to the “United Nations Principles for Responsible Investments”);
- exercise the voting rights (possibility of proxy to specialised companies and use of the “postal vote” or “e-voting”).

FAMI shall exercise the voting rights relating to the holdings managed, meant as those pertaining to the UCITS under management, even on the basis of a proxy, unless the exercise of the voting rights is attributed to the management company that established the UCITS.

In accordance with the Strategy, the exercise of the attendance and voting rights shall be an integral part of the broader investment process of FAMI. In this area, the structures involved and the Managers of the Investments Department shall work in close coordination in order to analyse and investigate any relevant aspect concerning the governance of the listed companies in which FAMI invests.

In any case, minimum once a year, FAMI shall monitor the effectiveness of the measures of the exercise of the attendance and voting rights and, anyway, shall review the Strategy adopted.

In its website www.fideuramassetmanagement.ie, FAMI makes this Strategy and any updates available to UCITS unit-holders.

PRINCIPLE No 2 - FAMI SHALL MONITOR THE INVESTEE ISSUERS

Asset managers should monitor their investee companies, in accordance with their engagement policy.

IMPLEMENTATION OF THE RECOMMENDATION:

FAMI shall actively monitor the corporate events related to the financial instruments in the portfolio of the UCITS under management, where required by the characteristics of the financial instruments incorporating the rights to be exercised.

In this regard, FAMI shall adopt a targeted approach to the corporate governance which provides for the selection of the relevant issuers, considering:

- the usefulness of the interaction with respect to the interests of the assets managed;
- the chance to influence the decisions in relation to the shares with voting rights held.

With specific reference to the reasons on which the choice to exercise the attendance and voting rights are made, FAMI identified the following criteria in its own Strategy:

- participating in the shareholders' meetings of those companies in which a relevant amount of share capital is held or that represent a large amount of the assets managed for each specific portfolio;
- participating in those Meetings considered relevant to protect or support the interests of the minority shareholders;
- contributing to choose the statutory auditors or directors through the mechanism based on lists, representing the minority shareholders;
- participating in the Meetings held to decide on extraordinary operations if, depending on the interests of the managed assets, their participation is needed to support or oppose the proposed operation.

FAMI shall reserve the right not to exercise the voting right in the cases where it may not result in an advantage for the assets under management, for instance where:

- the agenda does not include significant topics;
- the holding of "significant parts of capital" is temporary and is part of a short-term investment strategy.

By adhering to the "United Nations Principles for Responsible Investments" (UN PRI), FAMI shall pay special attention to the policies implemented by the issuers in which it invests, on behalf of the products under management, believing that sound corporate policies and governance practices (incorporating environmental, social and governance issues) are able to create value for the shareholders, over the long term. Since FAMI believes that environmental, social and corporate governance factors affect the returns on portfolios and that the implementation of ESG and SRI criteria contributes to improving the ability to respond more effectively to the expectations of the Customers/Investors, aligning the investment activities with the broader interests of the issuers, the Company has adopted a 'Sustainable and Responsible Investment Policy' that defines how it integrates environmental, social and governance factors into its investment process.

In this context, FAMI prioritises the establishment of a constructive dialogue with the issuers in which FAMI has a stake, giving priority to the following 'macro-themes', which cut across all industry sectors, with due consideration to the information provided by issuers:

- reduction of GHG emissions;
- mitigation of biodiversity loss;
- respect for human rights and combating the production of unconventional weapons;
- good corporate governance practices.

Reduction of GHG emissions

On October 15th, 2021, the Company joined the so-called "Net Zero Asset Managers Initiative" (hereinafter "NZAMI"), the international initiative promoted by asset managers committed to supporting the goal of achieving the neutrality of net greenhouse gas emissions by 2050 (so-called "Net Zero"), with the intermediate target of aligning a portion of assets under management to the 'Net Zero' scenario already by 2030.

Net Zero Asset Managers Initiative

In line with the commitments made within NZAMI, the Company evaluates together with the investees with the greatest weight in terms of greenhouse gas emissions in the portfolio the degree to which a company is aligned with the "Net Zero" scenario. It does so through the "Net Zero Investment Framework" (NZIF) methodology promoted by the IIGCC, which takes into consideration the following criteria:

- "Ambition": the presence of public declarations confirming the aim to achieve the goal of zero net direct and indirect emissions ("Scope 1" and "Scope 2") by 2050;
- "Target": the publication of short and medium-term objectives for the reduction of its level of emissions ("Scope 1" and "Scope 2");
- "Emission Performance": the publication of direct and indirect emission reduction levels ("Scope 1" and "Scope 2") with respect to the defined targets;
- "Transparency": the publication of its level of emissions;
- "Decarbonisation Strategy": the adoption of a decarbonisation strategy;
- "Capital Allocation": the consistency of capital expenditures with the objective of achieving the "Net Zero" scenario.

The discussion with issuers is aimed at deepening the information gathered, addressing any critical issues, monitoring progress and, more generally, encouraging transparency in the dialogue.

Climate Action 100+

The Company is also a signatory to Climate Action 100+, an investor-led initiative aimed at ensuring that the world's largest companies responsible for GHG emissions take the necessary actions in relation to climate change. As a signatory, FAMI is required to:

- communicate early and frequently with other Climate Action 100+ signatories pursuing engagement activities with the same company, in order to optimise the collective effort;
- understand the different approaches and assess their complementarity;
- hold itself "accountable" for the actions taken to achieve the objectives set.

As part of an engagement activity, FAMI, by way of example, analyses the following elements (the list is not exhaustive)

- annual sustainability disclosures and documentation of the company;
- public policies that could impact the company, including nationally adopted plans on energy and climate issues;
- Net Zero Standards, where applicable;
- TCFD Reporting Framework.

Mitigation of biodiversity loss

The Company encourages issuers to adopt measures to fight biodiversity loss, in particular:

- The adoption of effective strategies, policies and pathways, depending on the sector, to protect and restore nature;
- the presence of due-diligence processes in the company's supply chain;
- the transparency on the progress of the investee companies with respect to their commitments and relevant indicators

Nature Action 100 - Finance for Biodiversity

FAMI takes into account Nature Action 100, an engagement initiative aimed at tackling the increasing loss of nature and biodiversity. In this context, Nature Action 100 presented a list of 100 companies, divided among sectors considered 'key', with which more than 200 participating institutional investors commit to engage in engagement activities. At the partnership level, the Secretariat and Corporate Engagement Working Group of Nature Action 100 is co-led by Ceres¹ and the Institutional Investors Group on Climate Change (IIGCC), while the respective Technical Advisory Group is co-led by the Finance for Biodiversity Foundation and Planet Tracker.

The Company is committed to aligning itself with the structural engagement approach proposed in the Nature Action 100 guidelines.

Respect for human rights and combating the production of unconventional weapons

In line with the UN SDGs, FAMI encourages issuers to develop policies and practices aimed at effective management of their human capital. Indeed, companies are required to protect the health and safety of workers throughout the production chain and to work to foster a corporate culture that ensures good health and safety practices, putting in place a clear management system to monitor and, if necessary, take corrective action.

The Company encourages issuers to adopt due diligence processes regarding their human rights impacts and to adopt robust and fair governance models with the aim of reducing the risks of human rights violations. In this context, the Company is aware of the importance of what is known as a 'Just Transition', based on both respect for human and labour rights and support for initiatives that promote the achievement of climate neutrality.

The Company may enter into dialogue with issuers in order to further examine their compliance with international treaties. Based on the information obtained, the Company assesses the possible need to initiate escalation processes; by way of example, such activities may be necessary if human rights violations arise.

Good corporate governance practices

The Company takes into consideration the information provided by issuers on the application of the *Corporate Governance Codes* of listed companies in the various countries, taking into account market best practices, including but not limited to the Italian Corporate Governance Code and the main international Codes of Conduct (e.g., International Corporate Governance Network - ICGN).

As part of its engagement activities, the Company analyses:

- the composition, independence and role of the Board of Directors, as well as the presence of any internal committees, also for the purpose of assessing the ESG risks to which the company is exposed;
- the company's heterogeneity, also in relation to corporate bodies and managerial functions;
- the procedures for appointing directors;
- the procedures for holding shareholders' meetings;
- the remuneration and incentive policies adopted by the company, with particular focus on alignment with long-term strategies;
- disclosure regarding the climate transition strategy and the company's commitment to the empowerment of its workforce, the promotion of diversity and the creation of a safe working environment;

¹ <https://www.ceres.org/>

- information disclosed by issuers on the adoption of Corporate Governance Codes in the countries where they are listed.

As part of its monitoring activities, the Company requires listed issuers in which it has a stake and their advisers to ensure that any information that could compromise the ability to trade the financial instruments of those issuers is not disclosed without prior consent.

Principal Adverse Sustainability Impacts of Investment Choices at the Financial Product Level

The SFDR Regulation defines the concept of PAI (Principal Adverse Impact), i.e., the "principal adverse impacts of investment decisions on sustainability factors", a series of indicators aimed at giving a quantitative dimension to the negative impacts that investments could have on the environment and society.

In this context, the Company has adopted a specific framework, the details of which are set out in the Sustainable and Responsible Investment Policy that defines the ways in which PAIs are taken into account within the assets managed.

PRINCIPLE No 3 - FAMI SHALL DEFINE WHEN AND HOW TO INTERVENE

Asset managers should establish clear guidelines on when and how they will escalate engagement with investee companies to protect and enhance value of their clients' investments.

IMPLEMENTATION OF THE RECOMMENDATION:

FAMI shall promote a proactive interaction with the companies in which it invests, encouraging an effective communication with their management.

In general, FAMI shall undertake to carry out a thorough investigation and to establish a constructive dialogue with the governing and/or control bodies of those companies in which a large package of shares is held. To identify these issuers, FAMI can consider those issuers characterised by:

- a significant exposure to managed products;
- a significant exposure against the reference benchmark;
- a high exposure to ESG risks.

In this context, the structures involved – both internal and any other supporting Corporate Function within the Private Banking Division devoted to ESG and Strategic Activism activities – shall continuously monitor the evolution of performance, corporate governance and sustainability of the investees, to evaluate the activation of a dialogue with the representatives of the companies in which it invests. This interaction shall aim at identifying any problems in advance and minimise, at the same time, potential losses of value.

The methods of intervention with the investee issuers may provide for a dialogue with the investee issuer's representatives to specifically discuss the issues encountered also through meetings organised at the premises of FAMI on the so called "*Company visits*" or in the context of the participation in events (presentations, seminars, conferences).

FAMI believes that an intervention towards the Investee Companies is more effective when it is built on a long-term relationship with the governing bodies and the senior management that, in such situations, are more likely to consider the institutional investors as credible and committed partners. In this sense, the intervention is complementary to both the analysis of the investments and the exercise of the voting rights because it allows to address specific concerns of governance of the issuers avoiding, in the first instance, to evaluate the cancellation of a participation or voting against.

The engagement process implies a medium-term monitoring cycle aimed at assessing the progress made by issuers, with a particular focus on the "macro-themes" that the Company considers a priority. Generally, such assessments phase takes at least 18-36 months. During this period, if constructive dialogue has not

been reached, the Company assesses whether to activate appropriate escalation processes that, depending on specific situations, may involve one or more of the following initiatives:

1. First level:
 - increase the frequency of contacts with the issuer;
 - sending formal communications to signal the company's expectations;
 - cooperate with other institutional investors;
2. Second level:
 - Making public statements at shareholders' meetings;
 - vote against items placed on the agenda by the Board of Directors and/or support resolutions proposed by shareholders;
 - assessing the possibility of divestments in the context of the ESG/SRI Committee.

An example of escalation activity may be conducted by promoting, as outlined in Principle No. 4, joint cooperation with other institutional investors within the Managers' Committees promoted by the related trade association in order to forward specific comments or requests to deepen particular issues.

In any case, should the Company consider that it has not achieved a satisfactory result through dialogue with issuers, its approach may result in abstaining or voting against the resolutions at the Shareholders' Meeting or, when deemed appropriate, fully divest the participation in the issuer share capital.

PRINCIPLE No 4 - FAMI SHALL COLLABORATE WITH OTHER INSTITUTIONAL INVESTORS

Asset managers should consider acting with other investors, where appropriate, having due regard to applicable rules on acting in concert.

IMPLEMENTATION OF THE RECOMMENDATION:

FAMI shall recognise the benefits that may result from the activation of forms of collective engagement with other investors. In particular, as shown for the purposes of the Principle No 3, FAMI shall evaluate such a solution when it considers it to be the most effective option to improve the communication with the issuers. This circumstance can occur in the event of significant corporate events or public interest issues.

Any collective engagement shall be conducted in compliance with the internal and external regulations for the management of conflicts of interest and on privileged information (market abuse), paying particular attention to the rules on acting in concert.

Moreover, the Company may collectively exercise monitoring, intervention, and engagement activities also through participation:

- in the activities of the Corporate Governance Committee
- to the activities of the Managers' Committee promoted by Assogestioni;
- to initiatives promoted jointly with other institutional investors:
 - o "Principles for Sustainable Investment" promoted by the United Nations;
 - o "Net Zero Engagement Initiative" as part of the "Net Zero Asset Managers Initiative";
 - o "Institutional Investors Group on Climate Change (IIGCC)";
 - o "Climate Action 100+" and "Nature Action 100", in the respective areas of reducing greenhouse gas emissions and protecting nature and biodiversity.

The Company will evaluate the opportunity to subscribe to further initiatives and participate in collective engagement activities with other institutional investors considered useful to pursue the best interests of its Investors.

PRINCIPLE No 5 - FAMI SHALL EXERCISE ITS RIGHT TO VOTE IN A WELL-INFORMED MANNER

Asset managers should exercise their voting rights in a considered way.

IMPLEMENTATION OF THE RECOMMENDATION:

FAMI shall adopt an approach targeted to the corporate governance, participating in the Meetings of selected companies with listed shares, taking into account the relevance of such participation to serve the interests of the assets under management and the ability to influence the decisions concerning the voting shares held.

The participation in the Meetings of other companies shall be however envisaged if they hold significant shares of capital or if deemed important in the interest of the assets under management.

This approach shall allow FAMI to avoid a “*box-ticking approach*” focusing on a selected number of companies that will allow an adequate level of detail, designed to minimise the risk of over-reliance on the proxy advisors.

The structures involved – both internal and any other supporting Corporate Function within the Investment Center devoted to ESG and Strategic Activism activities – define the proposals on the voting instructions on the basis of the analysis and further examination carried out on public documents, the results of any interaction with the issuing company, the recommendations given by advisors specialised in the research to support corporate governance decisions and voting recommendations, as well as the guidance provided by the reference Managers.

FAMI may delegate, at individual Meetings, specialised third-party Companies, giving explicit instructions on how to exercise their voting rights. If this is believed to be the most efficient way in the interest of the managed assets, FAMI shall also reserve the right to use the “postal vote” (proxy voting), or the “e-voting” possibly provided for by the issuers.

By adhering to the “*United Nations Principles for Responsible Investments*”, FAMI pays special attention to the policies implemented by the issuers in which it invests, in the belief that sound corporate policies and governance practices (incorporating environmental, social and governance issues) are able to create value for the shareholders over the long term. In this regard, for supporting the investment decisions and the exercise of the attendance and voting rights, FAMI shall rely on specialised research which also includes information on the social and environmental responsibility of the issuers, aimed at identifying the possible impacts in terms of reputation, competition and business opportunities determined by the choices of corporate governance.

FAMI shall consider as a situation of conflict of interests, the exercise of the voting right concerning the financial instruments pertaining to the assets under management issued by group companies or companies with which FAMI, its key shareholders or the group companies have strategic relationships, or for which the companies inside the group FAMI belongs to, appoint or designate one or more members of the corporate bodies. Therefore, FAMI adopted a conflict of interest policy with the aim of protecting FAMI's decision-making autonomy with respect to the decisions to be taken concerning the provision of the management services. In this context, as a preventive measure of their neutralisation, FAMI shall not exercise the voting right attached to the shares belonging to the assets under management issued by parent companies, whether directly or indirectly, or for which the companies that fall within the group that FAMI belongs to, appoint or designate one or more members of the corporate bodies. This is without prejudice to the possibility for FAMI to aggregate the shares held by the assets under management issued by these companies, to reach the minimum stake required by the regulations from time to time applicable for the submission of lists of candidates for the renewal of the corporate offices of the companies concerned.

PRINCIPLE No 6 - FAMI SHALL KEEP TRACK OF THE EXERCISE OF THE RIGHTS

Asset managers should disclose the implementation and results of their stewardship and voting activities.

IMPLEMENTATION OF THE RECOMMENDATION:

As also pointed out in the implementation details of Principle No 1, FAMI shall make the “Engagement Policy” and the “*Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management*” available in its website, showing its engagement to high standards of external corporate governance.

FAMI shall also give transparency about the exercise of the attendance and voting rights, through:

- its internet site, by publishing an annual report on the participation in the Meetings and on the engagement activity carried out towards the companies whose securities are listed in the portfolios of the UCITS under management;
- the UCITS management report, in which details shall be provided on the vote expressed and the behaviours adopted.

Those documents shall include both qualitative and quantitative information.

FAMI shall attach importance to the formalisation of the documents necessary to ensure a complete traceability of the decision-making process followed for the exercise of the attendance and voting rights and the debate with the issuing companies.

The updating of this Engagement Policy shall be performed by the competent units of FAMI with support of the *ESG & Strategic Activism* corporate function of FAM SGR.

The Compliance Function shall monitor the correct implementation and the effectiveness of the measures taken by FAMI for the implementation of the regulations in force from time to time.