



Meetings with Investors on ESG Topics: from Preparation to Discussion

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AGENDA



Eurizon's view and experience on engagement



Preparation of ESG meeting

Role of Shareholders

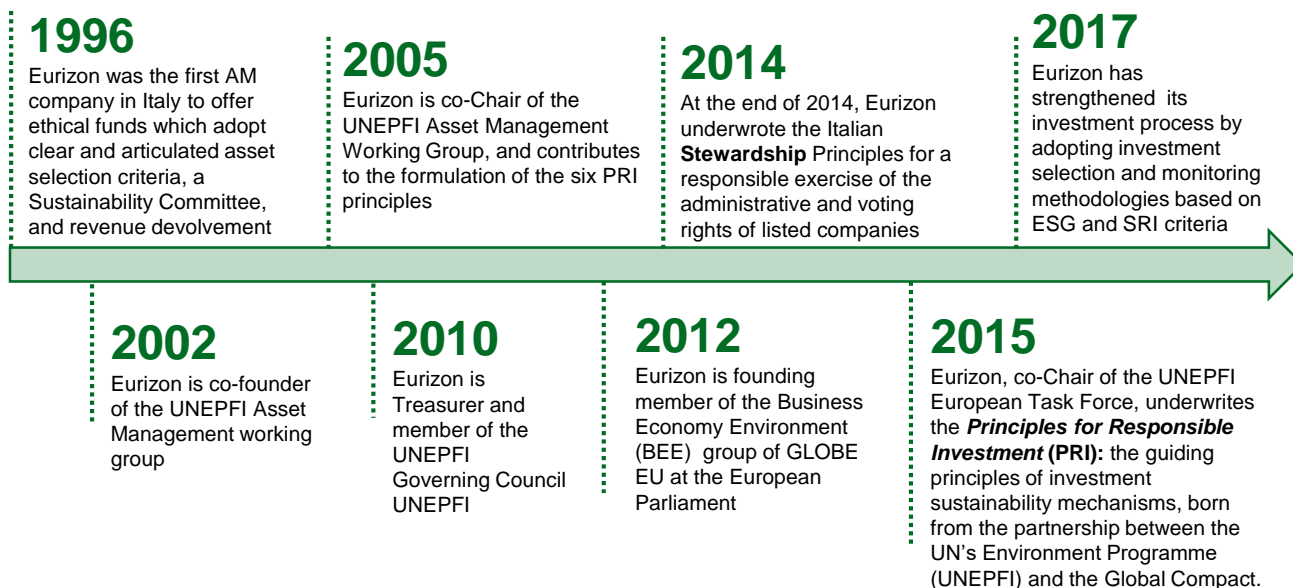
From Rights to Responsibilities

Cadbury (1992): “the shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.”

OECD (2011): “**The effectiveness and credibility of the entire corporate governance system and company oversight depend on institutional investors** that can make informed use of their shareholder rights and effectively exercise their ownership functions in their investee companies

Eurizon's commitment over time

Eurizon's commitment to, and leadership in, investment sustainability, environmental protection, social and governance themes



Stewardship Principles

The Investment Manager:



Engagement

Aim: To promote positive change within companies

2-way:

- Companies: to provide a forward-looking view of ESG and financial performance that can reveal risks & opportunities
- Investors: to communicate expectations, also on behalf of clients

When done well, Engagement brings benefits

3 dynamics – values (PRI):

- Communication value
- Learning value
- Political value

Engagement Activity

ISSUERS

- ❑ Companies where Eurizon holds a significant share capital
- ❑ Situations of particular interest for the purpose of protecting and supporting the interests of minority shareholders; relevant ESG exposure
- ❑ Contribution to the election of members of the Italian board of directors/boards of statutory auditors
- ❑ Extraordinary transactions to support or challenge the proposed transaction, in the interests of the managed portfolios

ENGAGEMENT

- ❑ Due diligence
- ❑ Objectives
- ❑ Participants
- ❑ Track progress
- ❑ Escalation
- ❑ Feedback

ESG - Engagement Themes

Environment

- > Air
- > Natural resources
- > Energy
- > Waste
- > Water
- > Soil
- > Biodiversity

Social

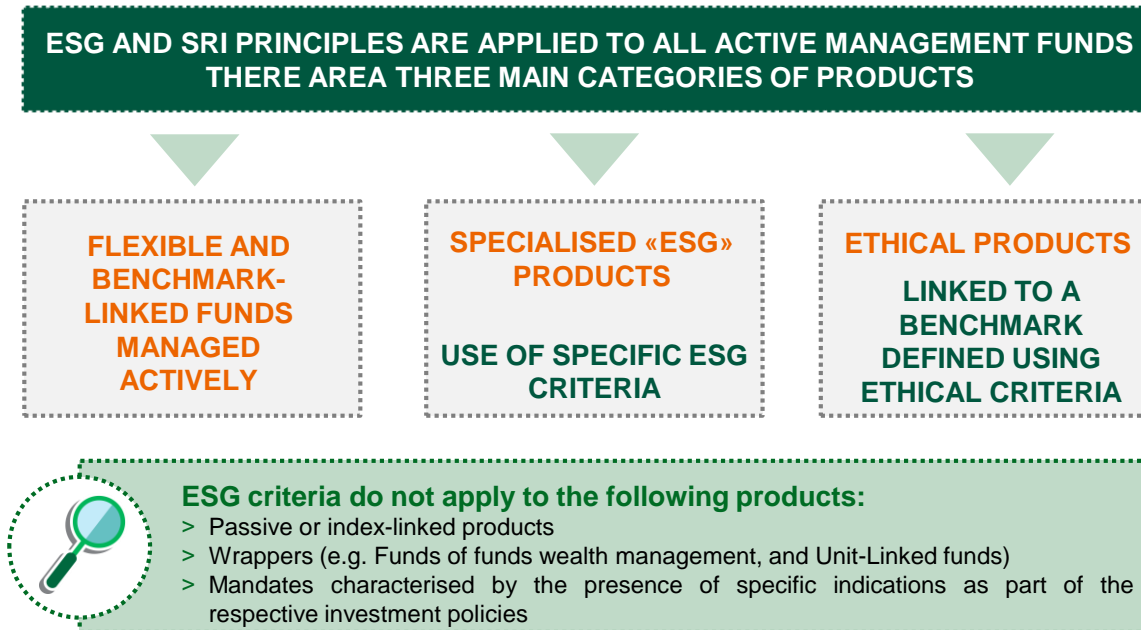
- > Human rights
- > Development of human capital
- > Equal opportunities
- > Diversity
- > Health and safety
- > Management of supply chain
- > Relations with the community
- > Philanthropy

Governance

- > Governance structure
- > Board composition
- > Independence
- > Remuneration
- > Compliance
- > Shareholders' rights
- > Risk management
- > Corruption

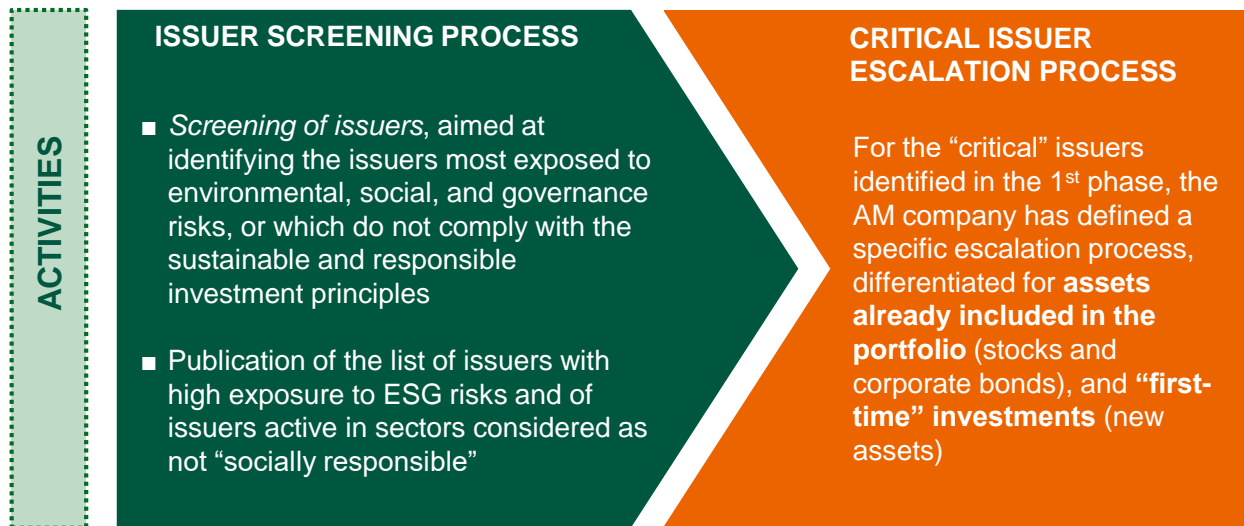
Field of application of ESG and SRI principles

Applied to all active management funds

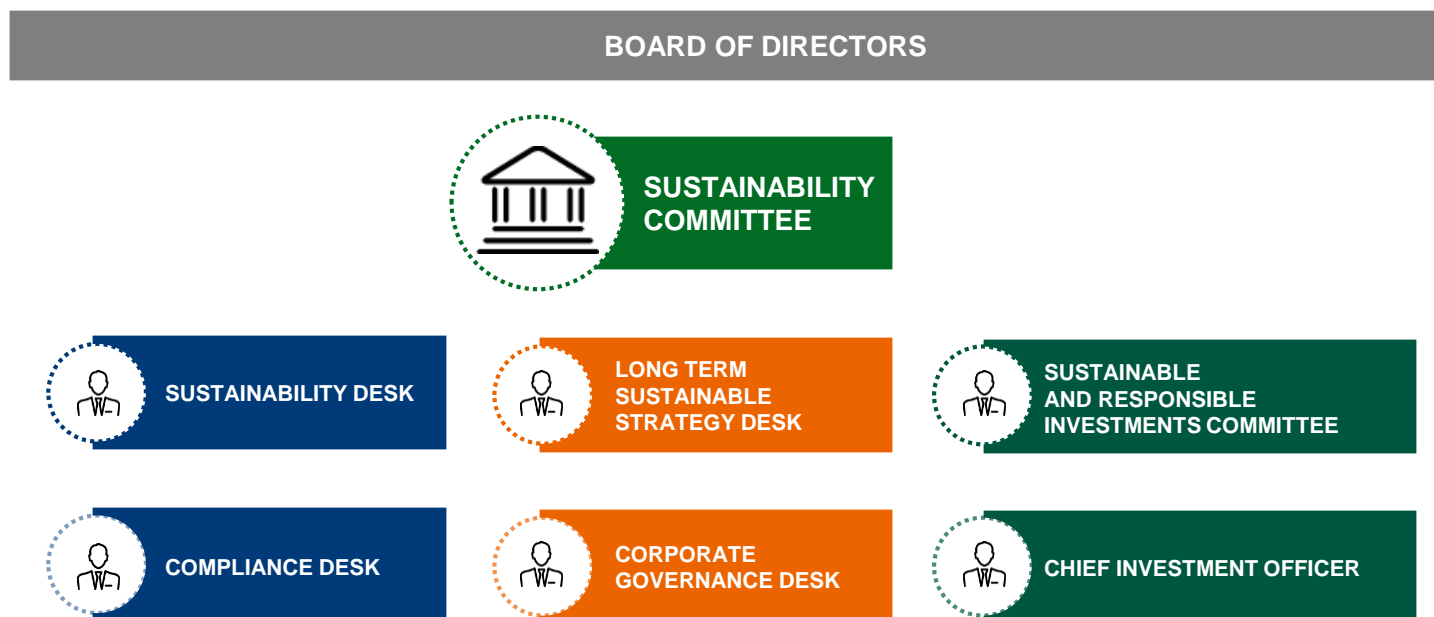


Screening Process

The process of selecting issuers takes into account environmental, social and governance factors (ESG), and sustainable and responsible investment (SRI) principles



The main desks/bodies of the ESG and SRI process



Maximizing Engagement

- Enhancing the communicative value
- Understanding the company context
- Understanding the company issue at hand
- Clear understanding of ground rules
- Communication Responsible Investment specialists – Portfolio Managers
- Clear goals of investors
- Escalation strategy
- Evaluating outcomes, progress

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