



**ERSEL**  
Asset Management

**Report on the implementation of the  
Engagement Policy**  
pursuant to Article 124-quinquies, paragraph 2, of Legislative  
Decree 58/98

**YEAR 2023**



## 1. Foreword

As an Asset Management Company, Ersel Asset Management (hereafter, also the SGR or the Company) is committed to exercising in a reasonable and responsible manner the rights inherent in the financial instruments pertaining to the assets it manages, with particular reference to those of an equity nature, in the knowledge that good governance standards are fundamental to ensuring confidence in the capital market and that the role played by institutional investors, managers and their advisors is important in the internal dialectics of listed issuers.

In implementation of the engagement provisions, this Report informs the public how the Engagement Policy adopted by the Company and available on the website at [www.ersel.it](http://www.ersel.it) will be implemented, including a general description of the voting behaviour and the possible use of the services of voting advisors during the period January - December 2023.

## 2. The engagement policy

In accordance with the provisions of the regulations in force, the SGR has defined the Engagement Policy that regulates the operating methods by which it monitors and dialogues with the companies invested in by the portfolios it manages, responsibly fulfilling its duties towards the subscribers of the portfolios themselves.

The policy applies, with reference to the collective management service, to all UCIs established and managed by Ersel Asset Management and to UCIs managed under delegation by it, taking into account the provisions of the delegation agreements.

With the adoption of the Engagement Policy, the SGR has introduced a series of minimum requirements aimed at defining the approach taken by the SGR in the activities of monitoring, comparison and collaboration between the SGR and the issuers in which it invests the assets managed within the framework of the collective management service. These requirements are applied within the framework of the engagement activity according to a flexible and proportional approach, which takes into account the size of the participation held in the company (and therefore the weight on the assets of the managed UCIs) and the benefit that this activity could bring to the managed assets.

In particular, the SGR adopts an approach aimed at fostering the presence of adequate corporate governance (i.e. the set of principles, rules and processes that govern the way in which the company is managed and controlled), favouring, in application of the principle of proportionality, a monitoring of medium/long-term investments in relation to the so-called 'significant' Participated Issuers.

Significant" issuers are defined as those issuers for which the total number of shares held by the managed UCIs corresponds to a proportion of the issuer's share capital exceeding a specific threshold defined within the SGR's corporate regulations.

In any case, even if the overall holding of the UCITS managed by the SGR is lower than the thresholds, the Engagement Policy is applied at the discretion of the SGR, taking due account of the relevance, both in quantitative and qualitative terms, of the individual investment held in a Participated Issuer, and in any case in all cases in which the SGR assesses that the engagement may positively reflect on the interests of investors.

The Engagement Policy adopted by Ersel Asset Management also regulates the issue of managing actual and potential conflicts of interest that may arise in relation to engagement activities with investee companies, with particular reference to the exercise of voting rights. The SGR, in fact, does not exercise the voting rights inherent to shares for which it may have a conflict of interest and therefore cannot be guaranteed a vote in the interest of the assets managed. In addition, SGR employees who have been

delegated to manage the portfolios of UCIs may not sit on the Board of Directors of companies whose financial instruments are present in those portfolios.

### **3. Monitoring and dialogue with Issuers**

In compliance with the Engagement Policy, the SGR carries out careful, active and continuous monitoring of its investee companies, promptly incorporating into its analyses (and investment decisions) information gathered both from public sources and in the course of interactions with the companies themselves and other market players.

The monitoring activity focuses mainly on issues such as financial and non-financial performance, social and environmental impact and corporate governance of issuers, and is carried out on the basis of flexible and proportional criteria, taking into account the size of the participation in the issuer, or the significance of the investment in relation to the assets of the managed UCIs.

With reference to the open-ended UCITS or AIFs managed by the SGR, the managers continuously monitor the scheduling of ordinary and extraordinary shareholders' meetings of all companies issuing financial instruments within the portfolios managed by the SGR.

During 2023, interlocutions were held with some of the investee companies. The number and frequency of the meetings, as well as the specific topics discussed during the interlocutions, varied according to the critical issues and needs for clarification that arose in the course of the analyses conducted by the SGR. In addition to financial issues (and thus periodic results, strategy and business prospects), evaluations concerning environmental issues continued to find more space than in previous years.

### **4. Modalities and Timing of Intervention in Issuers**

Ersel Asset Management believes that the relationship with the corporate bodies and/or senior management of investee companies is necessary and contributes to the creation of value when the investment is long-term. Such discussion is complementary to both investment analysis and the exercise of voting rights, as it makes it possible to address specific governance issues of issuers while avoiding, in the first instance, considering the divestment of the shareholding or voting against it.

In this context, the SGR, if it deems it appropriate, may adopt forms of "active" intervention with the issuer in which it has a stake, which takes the form of requests for specific meetings with the issuer's management and/or investor relations structures in order to address issues of specific interest or any criticalities that may have emerged during the monitoring activity (so-called individual engagement) such as, for example:

- earnings performance significantly below expectations compared to their sector;
- Proposals for extraordinary transactions that impact corporate strategies and/or the business model;
- the issuer's risk profile or transactions that might prejudice the rights of shareholders, or
- environmental, social and corporate governance (ESG) risks and policies.

During 2023, there were no abnormal situations or situations of considerable concern that would lead to the need for proactive intervention, nor those that would lead to a decision to divest.

## 5. Collaboration with other shareholders

The Engagement Policy adopted by the SGR provides, in compliance with the applicable regulations, that where it is deemed to be in the interest of the managed funds, the SGR may collaborate with other shareholders in order to increase the representativeness of the requests submitted to the investee companies and to promote more effectively the adoption of initiatives that may increase the value of the shareholdings.

In fact, should the monitoring of the issuers in which it holds an interest reveal circumstances deemed particularly problematic and with potentially significant effects on the managed UCITs, the SGR may consider adopting forms of collective engagement. In particular, the SGR reserves the right to act jointly in collaboration with other institutional investors also, for example, through participation in the activities of the Committee of Managers promoted by Assogestioni, in the exclusive interest of the subscribers of the managed UCITs.

During 2023, the conditions did not arise to resort to collaboration with other shareholders aimed at adopting forms of collective engagement. Management engaged in discussions with other shareholders of the investee companies, sharing opinions on general topics and specific issues, without, however, arriving at collective engagement actions.

## 6. The exercise of the right to vote and attendance at meetings

The SGR has adopted a specific Policy for the exercise of voting rights, which defines the policies and procedures applied in order to exercise voting rights in the interest of the managed assets and of the relevant participants and clients. With respect to what is defined in the Policy, the SGR assesses, on a preliminary basis, the presence of issues of particular interest, such as the protection of shareholders, the proposal of capital transactions, the approval of the financial statements and/or the appointment of members of the corporate bodies, as well as a further assessment of the usefulness of participation in the interests of the managed assets and the possibility of influencing decisions in relation to the portion of capital with voting rights held, authorising or not the participation in the Shareholders' Meeting, or the possible delegation to a third party.

It should be noted that for 2023, the SGR has decided to make use of external voting consultants for the purpose of engagement activities, thus approaching a strategy of "hard engagement" or "active shareholding", which occurs, precisely, at shareholders' meetings, manifesting itself with the presentation of motions to supplement the agenda, with interventions in the meeting and with the exercise of voting rights.

During 2023, Ersel Asset Management attended 123 meetings, exclusively of European and 93% Italian issuers.

Country	Total meetings
Italy	115
Luxembourg	1
Holland	7

The main topics discussed at these meetings were:

- Remuneration policies (33% of votes);

- Governance bodies (29% of votes);
- Independent auditors/annual reports (23% of votes);
- Management of own funds (10% of votes).

With regard to the items on the agendas of the various meetings, the SGR voted in favour in 80% of the votes and against in 15%. In the remaining cases, it abstained.

The main resolutions that were voted against concerned the issue of remuneration.

For more information, please refer to the detailed findings in the table published together with this report and available on the website at [www.ersel.it](http://www.ersel.it).

## **7. Managing Conflicts of Interest**

In order to ensure that voting rights are always exercised in the sole interest of investors, the SGR must always consider in its evaluations situations where potential conflicts of interest exist, in accordance with the Conflicts of Interest Policy adopted by the SGR.

In any case, it is not permitted to delegate to Group companies of the SGR, or to their representatives, the exercise of the voting rights of the shares pertaining to the managed assets.

Therefore, in the course of 2023 the SGR has complied with the Policy on conflicts of interest adopted by the same and, also in compliance with the provisions of the Engagement Policy, has not exercised the voting right pertaining to the shares pertaining to the managed assets issued by directly or indirectly controlling or associated companies, or with respect to which the companies of the group to which the SGR belongs appoint or designate one or more members of the corporate bodies, nor has it delegated to companies of the group or to representatives of the latter the exercise of the voting right of the shares pertaining to the managed assets, except in the case of another management company.

## **8. Targets for 2024**

During 2024, Ersel Asset Management will continue to exercise active engagement, in accordance with the principles contained in its Engagement Policy, by continuing to use external consultants on voting matters. As part of this activity, the SGR intends to continue to responsibly exercise its voting rights at the shareholders' meetings of investee companies and to collaborate with other shareholders in order to exercise the rights attributed by law to minority shareholders (such as, for example, for the presentation of candidates for appointment to corporate bodies) or to engage in collective dialogue with investee companies and/or other stakeholders on specific issues, where such activity is deemed useful and/or necessary to protect the interests of the subscribers of the products managed by the SGR.