

Voting and Engagement report

2024



INTRODUCTION

This document has been prepared pursuant to Article 124-quinquies of Legislative Decree No. 58 of February 24, 1998, introduced by Legislative Decree No. 49 of May 10, 2019, implementing EU Directive 2017/828 (Shareholder Rights Directive II) on encouraging long-term shareholder engagement. It outlines the methods adopted by Kairos Partners SGR S.p.A. (hereinafter also referred to as Kairos, the SGR, or the Company) in 2024 for exercising intervention and voting rights related to financial instruments within the managed portfolios.

As an Asset Management Company, Kairos is committed to exercising the rights associated with the financial instruments of managed assets in a reasonable and responsible manner.

The SGR considers dialogue with issuers a key element in implementing a responsible investment policy, helping to protect and ensure long-term value. This constitutes a measure to safeguard investor rights and, through voting in shareholders' meetings, one of the ways in which the rights associated with the financial instruments of the managed UCITS are exercised in the interest of investors.

To effectively carry out its engagement activities, Kairos has defined and commits to updating its "Engagement and Exercise of Rights Policy," published in the Policy section of the SGR's website.

The Engagement Policy aims to define the principles, organizational measures, and behaviors the company adopts to stimulate dialogue with issuers in which it invests, integrating its engagement into investment strategies and promoting the adoption of sound, prudent management principles and sustainability ethics over the long term. It essentially comprises three components:

1. The exercise of voting rights in the AGMs

2. Monitoring the economic and financial performance and related risks of the investee companies

3. Engagement with issuers on specific topics

Proposals related to voting rights may be made by the Management Functions (Portfolio Managers, who, in line with their mandate, can indicate shareholder meetings in which it is deemed appropriate to intervene and vote) and the Analysts and ESG Team. The latter, in agreement with the CIO, who is responsible for exercising voting rights, proceeds with voting or delegation in accordance with internal organizational procedures.

Additionally, the team is responsible for reporting and contributing to monitoring and engagement activities with issuers on significant issues regarding strategy, financial and non-financial performance, risks, capital structure, and social, environmental, and corporate governance impacts.

EXERCISING VOTING RIGHTS

The SGR adopts a “targeted” approach to corporate governance, prioritizing voting at shareholders’ meetings for medium/long-term investments in “significant” investee issuers, applying the principle of proportionality. “Significant” investments are those in issuers representing at least 2% of NAV. In certain circumstances, the SGR may decide to participate even if the issuer’s weight in the portfolio is below 2%. For instance, this may occur when the agenda includes extraordinary transactions or explicitly ESG-related topics (e.g., Say on Climate).

In compliance with the “voto di lista” mechanism established by Italian law, Kairos, along with other Asset Management Companies and Italian and foreign investors, adheres to the Comitato dei Gestori (www.comitatogestori.it) to propose candidate lists for the election and co-optation of minority directors and auditors in listed Italian issuers.

The slate voting system is based on the principle, widely recognized in various jurisdictions, that the nomination and election of candidates to the governance and control bodies of listed companies should not be the exclusive prerogative of controlling shareholders or the outgoing Board of Directors.

Starting from the 2023 shareholder meeting season, Kairos has expressed its stance on various agenda items, utilizing research provided by the proxy advisor ISS too.

In 2024, the SGR participated in **66 shareholder meetings (*)** of Italian (**67%**) and foreign (**33%**) issuers, covering a total of **953 agenda items**, with **84% voted in favor** and **16% abstained/against**.

In accordance with Italian list voting regulations, Kairos contributed to the presentation of **31 lists for minority candidates (**)** for Boards of Directors and Statutory Auditors.

* A list of issuers on which voting rights have been exercised is provided in the Appendix

** A list of issuers on which a minority shareholder slate has been submitted is provided in the Appendix.

No particularly significant issues emerged regarding voting behavior at shareholders’ meetings. Depending on the jurisdiction, non-financial statements were presented as separate agenda items or integrated into the financial statements.

MONITORING/ENGAGEMENT

Similar to voting rights, Kairos prioritizes dialogue with investee issuers to preserve and increase investment value, in line with its fiduciary duty to clients.

Effective engagement requires a process that:

- Is embedded in an appropriate long-term investment context and focuses on preserving and creating long-term value, ensuring alignment with the investment thesis;
- Is based on a deep understanding of the company's nature, business model drivers, and constraints;
- Has clear objectives focused on achieving change;
- Recognizes that change is a process that should not be unduly rushed;
- Uses consistent, direct, and honest communication;
- Efficiently allocates resources to maximize engagement coverage, utilizing all available tools, including collective engagement.

Issuer dialogue is categorized into:

- **Monitoring activities:** These include understanding the business model, preparing internal models, and monitoring to make informed investment decisions that maximize capital allocation value. This involves one-on-one and collective meetings with executives, investor relations functions, and sell-side analysts.

In 2024, the SGR conducted approximately 700 in-depth meetings directly with investee issuers and sell-side analysts, facilitating informed investment decision-making.

- **Engagement activity:** typically occur when the process of understanding the issuer is at an advanced stage, the holding period perspective is confirmed to be long-term, and is generally focused on specific topics. The key interlocutors in this process are preferably executives and non-executive members of the Board of Directors, in line with the issuer's dialogue policies (***). The topics addressed mainly relate to capital allocation, governance issues, and the monitoring and management of risks associated with climate change. Regarding the latter, Kairos believes that climate change risks, particularly greenhouse gas emissions, will have a material impact on a company's long-term profitability, sustainability, and investor returns. These risks include regulation, taxation, competitive disadvantage, brand deterioration, financing, and litigation. Therefore, the asset management company encourages, by way of example and not limited to:
 - Complete CDP (formerly Carbon Disclosure Project) climate change questionnaires;
 - Adopt emission reduction targets aligned with CDP and Science-Based Targets Initiative (SBTi) frameworks over short, medium, and long-term horizons;
 - Adhere to good governance practices, including board independence, diversity, and transparent remuneration policies;
 - Participate in Borsa Italiana's Sustainability Week within Forum per la Finanza Sostenibile (Italian SIF) framework.

Engagement meetings may also be held in collaboration with other institutional investors.

In 2024, the asset management company conducted **22 engagements**, of which **3 were individual and 19 were collective (7 as lead/co-lead investor)**. Kairos often took the initiative in gathering interest from other investors around specific topics, aware that bringing together a larger group of investors increases the likelihood of a successful outcome, while ensuring the effectiveness and efficiency of the issuers' commitment to the issues on which they are engaged by investors.

*** According to Recommendation No. 3 of the Corporate Governance Code, Italian issuers are encouraged to adopt a policy regarding the management of dialogue with all shareholders.

Among the collective initiatives launched in 2023 and carried forward throughout 2024, it is worth noting that a group of investors, members of the Forum per la Finanza Sostenibile, and a group of investors signatory to the Climate Action 100+ initiative requested Enel to disclose a series of details regarding its coal phase-out. The investor group, led by Generali AM and Kairos Partners as lead investors of the initiative, secured the company's publication of a dedicated coal section in its 2023 Sustainability Report, released in 2024.



Discover more
[Climate Action 100+](#)



Discover more
finanzasostenibile.it

Also in 2024, Kairos Partners, together with a group of institutional investors, requested a ruling from the Panel of Borsa Italiana—established under the Euronext Growth Milan regulation—on the fairness of the tender offer price for the shares of Defence Tech. As a result, an increase in the offer price was obtained.

Finally, during 2024, together with other investors, some observations were raised to the Board of Statutory Auditors, regarding certain aspects of the implementation of the incentive plan of Abitare In S.p.A.

APPENDIX

ABITARE IN SPA , ACEA SPA , AENA S.M.E. SA , ANTARES VISION SPA (**) , AQUAFIL SPA (**) , ARNOLDO MONDADORI EDITORE SPA (**) , ASSICURAZIONI GENERALI SPA , BANCA GENERALI SPA (**) , BANCA MEDIOLANUM SPA (**) , BANCA MONTE DEI PASCHI DI SIENA SPA , BANCA POPOLARE DI SONDRIO SPA (**) , BIESSE SPA (**) , BOLLORE SE, BPER BANCA SPA (**) , CAIXABANK SA, CELLNEX TELECOM SA, COMPAGNIE DE SAINT-GOBAIN SA, DATALOGIC SPA (**) , DIGITAL VALUE SPA, DSV A/S, E.ON SE, EIFFAGE SA, EL.EN. SPA (**) , ENAV SPA, ENDESA SA, ENEL SPA, ENI SPA, EURONEXT NV, FERRARI NV, FILA – FABBRICA ITALIANA LAPIS ED AFFINI SPA (**) , FINE FOODS & PHARMACEUTICALS N.T.M. SPA (**) , FINECOBANK SPA, GAROFALO HEALTH CARE SPA (**) , GPI SPA (**) , INFRASTRUTTURE WIRELESS ITALIANE SPA (**) , INTERCOS SPA (**) , INTESA SANPAOLO SPA, IREN SPA (**) , IWB - ITALIAN WINE BRAND SPA, KONE OYJ SA, LEONARDO SPA (**) , MERLIN PROPERTIES SOCIMI SA, NOVO NORDISK A/S, OCI NV, ORANGE SA, PHILOGEN SPA (**) , PROSIEBENSAT.1 MEDIA SE, PRYSMIAN SPA (**) , RAI WAY SPA (**) , REPLY SPA (**) , RWE AG, SAES GETTERS SPA (**) , SAFRAN SA, SAIPEM SPA (**) , SARAS SPA (**) , SESA SPA (**) , SNAM SPA, STELLANTIS NV, TECHNOPROBE SPA (**) , TELECOM ITALIA SPA (**) , TINEXTA SPA (**) , UNICREDIT SPA (**) , UNITED INTERNET AG, VIVENDI SE, WIIT SPA (**).