

Guidelines

Guidelines For Exercising Voting Rights And Engagement Activity

BancoPosta Fondi SGR

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Introduction

The guidelines regarding exercising voting rights and engagement activity (hereafter "Guidelines") of BancoPosta Fondi SGR (Hereafter "SGR") defines measures and procedures for:

- ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant fund, with the objectives of the SGR and with the company regulatory system, with particular reference to the Responsible Investment Policy adopted;
- monitoring relevant capital measures (corporate actions);
- preventing or managing any conflicts of interest arising from the exercise of voting rights;
- promoting the correct management of ESG themes through profitable dialogue with the issuers of the securities held within their own financial portfolios.

It is highlighted that BancoPosta Fondi SGR manages almost exclusively portfolios that do not envisage direct investment in individual share issuers.

The SGR has delegated the management of funds with equity components to third parties as laid down by art. 33 of the Amalgamated Law on Finance - TUF; the management delegation agreements stipulated between BancoPosta Fondi SGR and the delegated managers of the funds envisage that exercising the voting rights concerning the managed financial instruments – that for these funds rests on BancoPosta Fondi SGR – is granted to the delegated investment managers.

The manners delegating exercise of the voting rights are regulated by art. 142 of the Amalgamated Law on Finance - TUF that envisages that "voting delegation is signed by the delegator, it can be revoked and can only be granted for individual meetings already convened, with effect for any subsequent convocations; it cannot be issued in blank and must indicate the date, the name of the delegate and the voting instructions. The delegation can also only be granted for some of the voting proposals indicated in the delegation form and only for some items on the agenda. The representative is obliged to vote on behalf of the delegator also on the items on the agenda, about which they have received instructions, not subject to solicitation. The shares for which the even partial delegation has been granted are counted for the purposes of the regular constitution of the Shareholders' Meeting".

Art. 112 of the CONSOB Regulation 20307/2018 envisages that the strategies adopted by the managers for exercising the voting rights are regulated by article 37 of the Regulation (EU) 231/2013; art. 37 mentioned envisages that the SGR must draw up suitable and effective strategies to determine when and how voting rights held in the portfolio of the managed funds are to be exercised, to the exclusive benefit of the funds and of its investors.

These Guidelines are adopted by the Board of Directors. A summary description of the strategies and details of the actions taken on the basis of those strategies shall be made available to the investors on their request. BancoPosta Fondi SGR publishes these Guidelines regarding exercising voting rights and engagement activity and an extract of the strategies adopted by the delegated investment managers on its website.

To implement the provisions contained in this document, SGR avails of the Market Analysis and Indirect Management and Middle Office Investments and Controls departments. The Management Committee of the SGR is entitled to propose modifications to the Guidelines in response to particular needs arising that must be subject to the approval of the Board of Directors.

1 Objectives, application environment and manner of transposition

This document responds to the following main objectives:

- describing the criteria and methods of exercising the voting rights connected to the shares held by the OICVM managed internally by the delegated investment managers;
- defining the criteria and the manner of performing the engagement activities with the issuers of the securities in the financial portfolios;
- identifying the suitable instruments of reporting the activities of exercising voting rights and engagement performed.

These Guidelines apply to BANCOPOSTA FONDI S.p.A. SGR.

2 Definitions, Abbreviations and Acronyms

Acronyms

Acronym/abbreviation	Description
CdA	BancoPosta Fondi S.p.A. SGR Board of Directors
CONSOB	Commissione Nazionale per le Società e la Borsa (Italian Securities and Exchange Commission)
NAV	Net Asset Value
OICVM	Undertakings for Collective Investments in Transferable Securities
SGR	Asset Management Company
TUF	Consolidated Law on Finance

Definitions

Term	Description
Delegated Investment Manager	Broker qualified to provide equity management services, who manages, even partially, the equity of a OICVM on the basis of a specific delegation received from the SGR in compliance with the criteria defined in the delegation itself.

3 Reference principles and regulations

The activities regulated by this document must be carried out in respect of the legal provisions in force as well as of the principles and rules of behaviour contained in the Code of Ethics of the Poste Italiane Group and in the other company legislative instruments and is based on the main European regulations on the subject (Italian Principles of Stewardship of Assogestioni, FRC UK Stewardship Code, EFAMA Stewardship Code).

RISK AND PROCESS-BASED APPROACH – On the basis of an integrated representation of the risks that affect the activity of the Poste Italiane Group, the ESG process is based on a preventive approach to the risks, contributing to the making of conscious decisions and, where possible, to the translation of the main risks into opportunities and a competitive advantage.

PROCESSES APPROACH – The Internal Control and Risk Management – System (SCIGR) is based on a processes approach, regardless of the positioning of the relevant assets in the organisational and corporate structure of Poste Italiane S.p.A.

REPUTATION DRIVEN APPROACH AND STAKEHOLDER MONITORING – Managing the corporate activities in view of governing the reputation that the stakeholders have of the Company. Constant monitoring of the “sentiment” of the various stakeholders to manage the potential impact deriving from a negative perception of the Company behaviour and image. Understanding the main expectations and worries of its own stakeholders means knowing and protecting the value deriving from the company reputation.

CORPORATE INDEPENDENCE OF THE SUBSIDIARIES – The Corporate independence is guaranteed as regards the establishment and maintenance of a suitable and operating SCIGR, in respect of the directives and coordination defined by Poste Italiane S.p.A.

COHERENCE WITH CORPORATE OBJECTIVES – The activities on ESG themes is aimed at ensuring the running of the enterprise focussed on sustainable development and on maximising the value of the company, in compliance with the corporate objectives and with the stakeholders' expectations.

COMMUNICATION AND INFORMATION FLOWS – The information necessary to fulfil its own responsibilities is made available to every entity/structure, including those regarding SCIGR.

COMPLIANCE WITH THE LAWS AND COHERENCE WITH THE GENERAL REFERENCE LEGAL FRAMEWORK – The Guidelines are defined in respect of the applicable laws in Italy and in Europe in compliance with the internal reference framework, including but not limited to: the Articles of Association, the Code of Ethics, the organisational, management and control model pursuant to Legislative Decree 231/01, the organisational system, the system of powers and delegations and the domestic and international best practices.

KNOWLEDGE AND AWARENESS - the SCIGR plays a key role in the company organisation: it represents a fundamental element of knowledge for Corporate Bodies to guarantee them full awareness of the situation and effective monitoring of corporate risks and their interrelationships, to guide changes in strategic lines and corporate policies and to consistently adapt the organisational context.

RISK AND CONTROL CULTURE – Also with reference to the processes within ESG, the Poste Italiane Group spreads the risk and control culture, meaning all the rules of behaviour that make up the collective and individual capacity to identify, measure and mitigate the current and future risks of the organisation.

ETHICS, FAIRNESS AND TRANSPARENCY IN CONDUCTING BUSINESS – The Poste Italiane Group is committed to consolidating an integrated management system aimed at implementing suitable instruments to ensure a transparent dialogue with customers, suppliers and citizens. In this context the Poste Italiane Group belongs to a UN PRI (United Nations Principles for Responsible Investments), an official United Nations supported initiative, in

partnership with the Global Compact and UNEP FI (the partnership between the global financial sector and the United Nations environment Programme).

GOVERNANCE OF THE REPUTATIONAL RISK – Integrated system of monitoring reputational risks throughout all the stages of carrying out business activity. The framework involves the management and mitigation of the reputational risks being carried out through specialist monitoring by corporate structures with specific tasks of defending the reputation and by means of a centralised mechanism that coordinates the process of Reputational Risk Management.

INCLUSION – The Poste Italiane Group operates to favour diversity with a view to sustainable and inclusive company growth, preventing and contrasting any form of discrimination.

RESPONSIBLE INVESTMENTS – The Poste Italiane Group considers it fundamental to define a Strategy of Sustainable Finance and undertakes to implement the directives in its operations, using the main components of the sustainable finance policy as operative elements for performing the responsible investment activities.

MANAGEMENT ACCOUNTABILITY – Within the functions covered and in achieving the related objectives, the Management actively participates in the process of Risk Management's Group and guarantees the suitability of the SCIGR for the activities falling under its remit, participating actively in its correct operation.

REDUCTION OF ENVIRONMENTAL IMPACT – The approach of the Poste Italiane Group is based on environmental respect, with respect to buildings (green buildings) and regarding internal processes (digitalization) and means of transport (green mobility and sustainable logistics).

SEGREGATION OF TASKS AND ACTIVITIES – The Risk Management's Group process envisages segregation of tasks and responsibilities between distinct organisational units or within them, also in terms of ESG, in order to prevent incompatible activities from being concentrated under common responsibilities.

INTEGRATED SYSTEM – The components of the integrated internal control and management system are coordinated between one another and interdependent and the system, overall, is in turn integrated in the general organisational, administrative and accounting structure.

TERRITORIAL DEVELOPMENT – In line with its territorial presence, the Poste Italiane Group proposes to accompany the territorial communities in the processes of modernisation and digitalisation in progress thus contributing to the development processes and social cohesion of the Country, also through a structured and transparent dialogue with its own stakeholders.

TRACEABILITY – The people involved in implementing the Guidelines must guarantee the traceability of the activities and of the documents regarding the process, each for their own area of competence, ensuring the identification and the reconstruction of the sources, of the information elements and of the controls performed that support the activities.

4 Exercising voting rights connected to the shareholdings held by the managed OICVM and by the Individual Portfolio Management activities

The object of this document is that of defining the main activities carried out within BancoPosta Fondi SGR protecting the process of exercising voting rights connected to the shareholdings held by the managed OICVM and by the Individual Portfolio Management activities. The investment management companies to which the SGR has delegated investment management as laid down by art. 33 will adopt their own specific Guideline for exercising the right to vote.

The SGR will assess these Guidelines adopted by the delegated investment management companies by monitoring their exercising of the voting right, without prejudice to the right to exercise it directly.

In principle, with the exception of what is specified in paragraphs 4.1 and 4.2, the right to vote is exercised by determining relevance thresholds of shareholdings on issuers that the SGR considers "significant", *id est* for which the following conditions jointly occur:

- a) the total number of shares held by all the OICVM managed and Individual Portfolio Management activities, is greater than 1% of the total of the shares issued of the same category;
- b) the shareholding represents a significant weight in the OICVM managed and Individual Portfolio Management, in which 'significant' means a weight exceeding 1% of the "NAV/Equity" in at least one of the OICVM/ Individual Portfolio Management activities, which has the shares in portfolio.

These Guidelines and the reference company organisational documents is subject to continual updating for legal modifications and organisational and operative modifications and changes adopted by the SGR, and anyway at least annually.

4.1 Exercising voting rights by the Delegated Investment Manager

The SGR assesses the Guidelines as well as the organisational and procedural structure adopted by the Delegated Investment Manager to support exercising the voting right by analysing the organisational documentation received by it and by means of meetings/interviews with the structures responsible for carrying out the activity. These activities are carried out in the preliminary stage prior to determining and selecting the Delegated Investment Manager and in the event of the subsequent updates that concern these Guidelines.

Among the aspects assessed, the following are taken into consideration:

- attention thresholds relevant for the purposes of exercising voting rights;
- the transposition of the Italian principles of Stewardship for exercising administrative and voting rights in the listed companies adopted by Assogestioni;
- the way of exercising voting rights (operative architecture and instruments used) which are in line with the sector's best practices.

Regardless of the significance thresholds indicated in the previous paragraph, the SGR receives an indication on the intention of exercising voting rights from the Delegated Investment Managers and on the relevant decisions on the occasion of the individual company meetings regarding the issuers held in the portfolio. Furthermore, in the cases of issuers considered "significant", the SGR asks the Delegated Investment Managers to be informed of the meeting events envisaged and of the intentions of participation and voting. In these cases, it will monitor participation in the meetings by the Delegated Investment Manager for the purpose of exercising voting rights, using specific reports.

The SGR acquires the documentation regarding the various items on the agenda from the Delegated Investment Manager and provides information on the vote to exercise in the name of and on behalf of the SGR. This documentation is made available to the Market Analysis and Indirect Management department, to the independent Directors and to

the Internal Audit ¹ and Compliance and Anti-Money Laundering departments of BancoPosta Fondi SGR, for the purposes of the respective relevant audits.

4.2 Exercising voting rights by BancoPosta Fondi SGR

The SGR exercises the right to vote directly in the following cases:

- magnitude of equity on issuers that the SGR considers “significant” within the relevant shareholdings of the OICVM managed directly and of the Individual Portfolio Management activities;
- presentation and subsequent voting of the lists of candidates for electing in administrative and control bodies of issuers listed on Italian markets, also delegating a specific representative (different from the Delegated Investment Manager), in line with the principles and criteria determined by the Committee for Corporate Governance of Assogestioni, within the relevant shareholdings of the OICVM managed (directly or delegated pursuant to art. 33 (4) of the Amalgamated Law on Finance - TUF) and of the Individual Portfolio Management activities.

SGR can also assess whether to exercise the right to vote for cases in point different from those represented in the previous points; in this case, the Market Analysis and Indirect Management department prepares a disclosure to the Managing Director in relation to the participation in company meetings as well as exercising voting rights for the purposes of the subsequent deliberations. The Managing Director informs the Board of Directors about these decisions.

The assessment regarding exercising voting rights is performed by the SGR on the basis of a cost-benefits analysis that also considers the investment objectives and policy of each fund.

In particular, the interest of the SGR in assessing whether to exercise the voting rights or not is represented by the economic effect of the proposal to the meeting agenda on the value of the shareholdings held in the portfolios of the OICVM, taking into account the relative impact both in the short and in the long term. In some cases the SGR may consider that the value of the shareholdings may be increased by supporting the company strategies and voting in favour of the management's proposals; in other circumstances the proposals made by the management may have a negative impact on this value whereas some proposals presented by the shareholders may represent the best opportunities of an increase of this value.

However, the SGR reserves the right to not exercise its voting rights if exercising it may not be translated, to all effects, in an advantage for its own customers, like for instance in the following cases:

- the amount effectively held on the individual portfolios managed is low with respect to the market capitalization of the individual financial instrument;
- the administrative costs associated to this process are significant, also in relation to the amounts effectively held on the different portfolios managed and to the concrete possibility of influencing the meeting vote;
- it should be necessary to block the financial instruments for an extended period of time, an activity that may make it impossible to take advantage of any market opportunities.

Particular attention is paid to shares held in the portfolios of the OICVM in relation to which a conflict of interest may arise, which may potentially be detrimental for the subscribers of the OICVM themselves.

Regarding this, it is pointed out that the Independent Directors present in the Board of Directors of the SGR carry out their function also in respect and in the interest of the participants. For this purpose, the Independent Directors will check the correct application of the principles and of the procedures regarding exercising voting rights.

¹ Department in full outsourcing to Poste Italiane – Patrimonio BancoPosta

4.3 Administrative activities

The Market Analysis and Indirect Management department takes care of the relations with the Delegated Investment Managers.

The Middle Office Investments and Controls department takes care of the administrative fulfilments connected to the participation in company meetings and to exercising voting rights with the Depository.

These company Departments will keep the specific documentation which records the relevant activity carried out pursuant to these Guidelines.

5 Engagement activities

The SGR undertakes to perform a constructive dialogue with the issuers present in their own portfolios aimed at a better management of ESG themes inside the companies in which it invests. This dialogue may be carried out individually by the SGR or in collaboration with other investors.

5.1 Objectives

The engagement activities of the SGR are the responsibility of the Management Committee, that is helped by the Market Analysis and Indirect Management department, responsible for monitoring the ESG profile of the companies in portfolio.

The dialogue activities can be "spontaneous" (in order to spread best practices) or "reactive" (following an emerging criticality/dispute). In the latter case, the engagement activities are implemented against a worsening of the overall ESG rating and/or of the rating regarding the individual environmental, social or governance dimensions of the issuer, or against the onset of disputes that concern it. The engagement may also arise from the determination of criticalities emerging in the shareholders meeting or on other occasions of dialogue with the issuer.

The engagement activities may consist of meetings with the management of the issuers, communications for the governing bodies or liaising in pools with other institutional investors; these manners are chosen on the basis of the nature of the theme which is to be discussed or of its relevance, also considering the necessary timing.

Limited to the issuers held in the delegated portfolios as laid down by art. 33 (4) of the Consolidated Law on Finance - TUF, the engagement activities are assigned to the respective Delegated Investment Managers. The SGR assesses the engagement policies adopted by the Delegated Investment Managers by monitoring the outcomes of these activities regarding the issuers held in the portfolios delegated to them. In the event of absence of its own policies, the SGR proposes the application of these Guidelines to the Delegated Investment Managers.

The engagement policy of the SGR may follow these approaches:

- Awareness: it consists of meetings with enterprises aimed at influencing their procedures by means of recommendations on specific ESG themes, materials for the specific business sector. These recommendations are the result of analysis and research carried out by BancoPosta Fondi SGR, also on the basis of studies published domestically and internationally and of the participation in international meetings aimed at supporting the institutions and the enterprises to adopt measures to solve criticalities connected to these matters;
- Monitoring: this form of engagement has the aim of exploiting meetings with the enterprises in the portfolio to add data and information useful for the correct assessment of their ESG profile;
- Vote: it consists of exercising voting rights in the meetings on ESG themes and is carried out within the activities regulated in the previous paragraph of this document.

The engagement activities of the SGR have the purpose of creating awareness as regards ESG risks that can impact the business and include the way of managing these risks implemented by the issuers, by:

- defining an ESG strategy with well-defined objectives and times;
- improving governance with reference to ESG themes;
- transparency on ESG strategy, governance and performance;
- internal and external assurance on ESG strategy, governance and performance;
- abiding by standards and participating in external initiatives held domestically and internationally.

5.2 Matters subject to engagement

The engagement of BancoPosta Fondi SGR is focused on the most significant subjects for the companies in the portfolio. Regarding this, the Market Analysis and Indirect Management department carries out an analysis of materiality of the ESG themes, identifying those themes that have a significant impact for the company business and a significant influence for the reference stakeholders. This analysis is also carried out:

- By analysing the company's characteristics, with particular reference to operating sector, geographical areas of operation and dimension – with a specific attention to “controversial” sectors from an ESG viewpoint;
- By assessing what is suggested by international guidelines and standards and what has emerged from peer analysis activity or from stakeholder engagement activity.

In general, as an example, the following issues are taken into consideration, broken down, if necessary, into detailed subjects on the basis of the materiality analysis performed:

- Climate changes (including carbon emissions, etc.);
- Natural capital (including water stress, supply of raw materials, etc.);
- Pollution and waste (including the lack of an environmental management system, toxic emissions and waste, etc.);
- Human capital (including child labour, working standards of the supply chain, health and safety, etc.);
- Involvement in highly controversial projects.

5.3 Monitoring and recording engagement activities

The engagement activities are monitored and assessed periodically by the Management Committee on the basis of the information provided by the Market Analysis and Indirect Management department.

With satisfactory improvement in the dimension subject to engagement, it is considered concluded. Otherwise, the company remains subject to engagement, but in the absence of tangible improvement in time, further actions can be assessed.

The SGR undertakes to periodically communicate the implementation of the principles contained in these Guidelines and the engagement activity performed.

5.3.1 Filing

The Market Analysis and Indirect Management department will keep the specific documentation which records the relevant activity carried out pursuant to these Guidelines with reference to engagement.

6 Responsibility, disclosure and updating

The department responsible for the document, ensuring that it is updated, is the Market Analysis and Indirect Management department.

These Guidelines are communicated to all the personnel, also assessing special and specific training sessions according to the operative environments, to the roles and responsibilities, and is made available on the corporate website of the SGR to all the stakeholders, including the market, the financial community and the institutions.

The managers of the company departments are responsible for integrating the commitments defined by the Guidelines within decisions and business operations.

These Guidelines will be assessed for the purposes of being updated at least once a year, in the light of anything emerging from the monitoring of the domestic and international trends regarding exercising voting rights and responsible investing.