

# Guidelines on the Exercise of Voting Rights and Engagement Activities of the Poste Vita Group

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## 1. OBJECTIVES, SCOPE AND MODALITIES OF ADOPTION

### 1.1. OBJECTIVES

The Guidelines on the Exercise of Voting Rights and Engagement Activities ("**Guidelines**") of Poste Vita S.p.A. and Poste Assicura S.p.A. ("**Poste Vita Group**" and/or the "**Companies**") define measures and procedures for:

- Ensure that voting rights are exercised in accordance with the objectives of the Poste Vita Group and the company's regulatory system, with particular reference to the Responsible Investment Policy adopted;
- Prevent or manage any conflict of interest resulting from the exercise of voting rights;
- Promote the fair management of "**ESG**" issues and contribute to the mitigation of negative externalities through a positive dialogue with the issuers of the securities in their financial portfolios.

In general, the Companies have already adopted - in line with the provisions of IVASS Regulation No. 24/2016 - investment policies (the "**Investment Policies**") consistent with the principle of prudent person, the strategy and the risk awareness defined. The Responsible Investment Policy, in line with the Investment Policies as well as the wider Sustainability Plan of the Poste Italiane Group, strengthens the Companies' commitment to integrate ESG issues into their investment strategy and decision-making processes.

In this context, this document meets the following main objectives:

- describing the criteria and procedures for exercising the voting rights linked to the shareholdings held by the Companies;
- defining the criteria and procedures for carrying out engagement activities with the issuers in each company's financial portfolios, consistent with the provisions of the Responsible Investment Policy and the "Guidelines for the Investment in Sensitive Sectors" (hereinafter "**LGSS**") adopted by the Poste Vita Group.

These Guidelines are approved by the CEO of the parent company Poste Vita and implemented by the CEO of Poste Assicura.

### 1.2. Glossary

For the purposes of the Guidelines, this is meant to be

- "**Investment Committee**": instituted for each Company, it is a committee with an advisory role to Top Management to which it provides advice and support in the context of processes related to investment management and intervenes, *inter alia*, in monitoring the evolution of the ESG profile of the assets in the financial portfolios of each Company.
- "**Companies**": Poste Vita S.p.A. and Poste Assicura S.p.A. (Jointly also as the "Poste Vita Group" and each also as the "Company").
- "**ESG**": Environmental, Social, Governance.
- "**Delegated Manager**": asset management companies and/or asset managers (selected by each Company in accordance with the outsourcing guidelines, conflict of interest management

guidelines as well as applicable corporate regulations more generally) to which each Company has outsourced management and investment activities and which operate in accordance with the guidelines provided by the Companies and relevant policies, approved and forwarded from time to time.

- **"Guidelines"**: "Guidelines on the Exercise of Voting Rights and Engagement Activities of the Poste Vita Group".
- **"LGSS"**: "Guidelines for the Investment in Sensitive Sectors of the Poste Vita Group" that regulates the monitoring processes of issuers that operate in sectors and/or areas of business that present significant inherent risk on the ESG level.
- **"Responsible Investment Policy"**: Policy describing the approach adopted by the Poste Vita Group in managing risks and opportunities related to ESG factors within the investment processes of its Companies.

### **1.3. Scope of application**

These Guidelines are applicable to the Companies of the Poste Vita Group, in line with the scope of application defined in the Responsible Investment Policy and LGSS.

These Guidelines will be periodically reviewed to be updated in the event of any emerging evidence and monitoring of national and international trends regarding the exercise of voting rights and responsible investment.

### **1.4. Recipients**

These Guidelines are communicated to all employees, also by means of specific training sessions, if necessary, and is made available, to all stakeholders (including the market, the financial community, and institutions), through the disclosure of the policies adopted in the ESG framework, on each Company's corporate website.

## 2. PRINCIPLES AND REGULATIONS

The activities governed by this document must be carried out in compliance with current legal provisions and the principles and rules of conduct contained in the Code of Ethics of the Poste Italiane Group and other corporate<sup>1</sup> regulatory instruments and are inspired by the main European regulations on the subject (Italian Principles of Stewardship by Assogestioni, FRC UK Stewardship Code, EFAMA Stewardship Code).

**RISK- AND PROCESS-BASED APPROACH** – Based on an integrated representation of the risks affecting the Poste Italiane Group's business provided by RMG, the ESG process is based on a preventive approach to risks, helping with the making of informed decisions and, where possible, translating the main risks into opportunities and competitive advantage.

**APPROACH TO PROCESSES** - The SCIGR is inspired by a rationale used with processes, regardless of the location of its activities in the organisational and corporate structure of Poste Italiane S.p.A.

**REPUTATION-DRIVEN APPROACH AND STAKEHOLDER MONITORING** - Management of company activities with a view to governance of the reputational perception that stakeholders have of the Company. Constant monitoring of the sentiment of the different stakeholders to manage the potential impacts deriving from a negative perception of the Company's behaviour and image. Understanding the main expectations and concerns of our stakeholders means knowing and protecting the value deriving from the company's reputation.

**CORPORATE AUTONOMY OF SUBSIDIARIES** - The corporate autonomy of the subsidiaries is guaranteed with regard to the establishment and maintenance of an adequate and functioning SCIGR, in compliance with the management and coordination guidelines defined by Poste Italiane S.p.A.

**CONSISTENCY WITH COMPANY OBJECTIVES** - Activities on ESG issues are aimed at ensuring that the management of the company is oriented towards sustainable development and maximization of the value of the company, in line with the company's objectives and the expectations of stakeholders.

**COMMUNICATION AND INFORMATION FLOWS** - Each body/structure is provided with the information necessary to full its responsibilities, including those relating to SCIGR

**COMPLIANCE WITH THE LAW AND CONSISTENCY WITH THE GENERAL REGULATORY FRAMEWORK OF REFERENCE** – The Guideline is defined in compliance with the applicable European and national regulations, in line with the internal reference framework, which includes but is not limited to: the Articles of Association, the Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree 231/01, the organizational system, the system of powers and proxies and national and international best practices.

**KNOWLEDGE AND AWARENESS** – The SCIGR plays a central role in the company's organisation represents a fundamental element of knowledge for the bodies in order to ensure full awareness of the situation and effective control of risks and their interrelationships, guides change in strategic guidelines and policies and allows for consistent adaptation of the organisational context.

**CULTURE OF RISK AND CONTROL** - Also with reference to ESG processes, RMG spreads the culture of risk and control, understood as the set of rules of conduct that determine the collective

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<sup>1</sup> Failure to comply with the principles contained in this regulatory document may result in the application of the sanctions provided for by the company's regulatory system

and individual ability to identify, measure and mitigate the current and future risks of the organisation.

**ETHICS, CORRECTNESS AND TRANSPARENCY IN BUSINESS CONDUCTION** - The Poste Italiane Group is committed to consolidating an increasingly integrated management system to put in place suitable tools to ensure a transparent dialogue with customers, suppliers and citizens. In this context, the Poste Italiane Group adheres to the UN PRI (United Nations Principles for Responsible Investments) initiative officially promoted by the United Nations, in partnership with the Global Compact and UNEP FI (the partnership between the global financial sector and the United Nations Environment Programme).

**GOVERNANCE OF REPUTATIONAL RISK** - Integrated system for monitoring reputational risks during all phases of the company's activities. The framework provides for the management and mitigation of reputational risks to be pursued through specialised controls by company structures with specific reputation defence tasks and through centralised control that coordinates the Reputational Risk Management process.

**INCLUSION** - The Poste Italiane Group works to promote diversity with a view to sustainable and inclusive corporate growth, preventing and combating all forms of discrimination.

**RESPONSIBLE INVESTMENTS** - The Poste Italiane Group believes that the definition of a Sustainable Finance Strategy is fundamental and is committed to implementing its guidelines in its operations, using the main components of the sustainable finance policy as operational elements for the performance of responsible investment activities.

**MANAGEMENT ACCOUNTABILITY** - The Management, within the scope of the functions covered and in the achievement of the related objectives, actively participates in the Group Risk Management process and ensures the adequacy of the SCIGR for the activities for which it is responsible, actively participating in its proper functioning.

**REDUCTION OF THE ENVIRONMENTAL IMPACT** - The approach of Gruppo Poste Italiane is based on respect for the environment, both with reference to buildings (green building) and with reference to internal processes (digitalisation) and means of transport (green mobility and sustainable logistics).

**SEGREGATION OF DUTIES AND ACTIVITIES** - The Group's Risk Management process includes, including on the ESG side, segregation of duties and responsibilities between separate organisational units or within them, in order to avoid incompatible activities being concentrated under common responsibilities.

**INTEGRATED SYSTEM** - The components of the integrated internal control and risk management system are coordinated and interdependent and the system as a whole is integrated into the overall organisational, administrative and accounting framework.

**DEVELOPMENT OF THE TERRITORY** - In line with its territorial capillarity, the Poste Italiane Group, also through a structured and transparent dialogue with its stakeholders, aims to accompany local communities in the modernisation and digitalisation processes underway, thus contributing to the processes of development and social cohesion of the country.

**TRACEABILITY** - The persons involved in the implementation of the Guidelines must ensure, each for the part of its competence, the traceability of the activities and documents relating to the process, ensuring the identification and reconstruction of the sources, information elements and controls carried out that support the activities.

### 3. EXERCISE OF VOTING RIGHTS

The purpose of this document is to define the main activities carried out to oversee the process of exercising voting rights related to the shares held by the Companies.

In principle, voting rights are exercised at shareholders' meetings at which extraordinary transactions or, in general, other transactions that may have a significant impact on the value of the shareholdings held by each company are resolved upon.

The exercise of voting rights may be carried out directly by each Company or may be assigned to the Delegated Managers.

The following paragraphs describe how voting rights can be exercised by the Companies and by the Delegated Managers.

#### 3.1. Procedures for the exercise of voting rights by the Companies

The process of exercising voting rights consists of the following main phases:

- Evaluations relating to the exercise of voting rights;
- Exercise of voting rights;
- Monitoring the outcome of decisions;
- Archiving

##### 3.1.1. Evaluations relating to the exercise of voting rights;

The valuation related to the exercise of voting rights is conducted by the function in charge of investment management based on a cost-benefit analysis. Each Company's interest in assessing whether or not to exercise voting rights is represented by the impact of the proposal on the agenda of the Shareholders' Meeting on the value of the shareholdings held in its portfolio, taking into account the related short and long-term effect.

The Companies reserve themselves the right, however, to not exercise their voting rights in cases where such an exercise does not result in a significant impact for their customers, such as, for example, in the case in which:

- the amount actually held is small compared to the market capitalisation of the individual financial instrument;
- the administrative costs associated with this process are significant, including in relation to the amount actually held and the concrete possibility of influencing the vote at the shareholders' meeting;
- there is a need to block financial instruments for an extended period of time, which may prevent them from taking advantage of possible market opportunities

In assessing the opportunity of exercising their voting rights and in determining their voting decisions, also considering the assessments of other institutional investors, the Companies shall pay particular attention to the following issues:

- Shareholders' rights, with particular attention to aspects related to informed voting, fair treatment of shareholders and dividend policies;
- Consistency of its remuneration policies with the perspective of creating long-term value for the company, with particular attention to aspects relating to remuneration requirements, variable short and long-term incentives;
- Composition of administrative, management and control bodies, with particular attention to aspects relating to separation of powers, professional requirements, election methods,

- accumulation of posts and diversity (e.g. gender, age, academic and professional background);
- Management of social and environmental aspects, with particular attention to aspects relating to the management and reporting of the same, violations of environmental and social norms and standards;
  - Quality of the internal control system, based on internationally recognised standards and principles;
  - Transactions with related parties, with particular attention to aspects relating to transparency, fairness and commercial correctness of transactions;
  - Extraordinary transactions, with particular attention to aspects relating to the consistency of the transaction price, the corporate governance structure resulting from the transaction, potential short and long term results;
  - Transparency of financial reporting and integrity of auditors.

### **3.1.2.Exercise of voting rights**

The function in charge of investment management assesses the opportunity of exercising the right to vote, also through the involvement of other corporate functions responsible for the individual issues to be discussed. Subsequently, a report is prepared for the Chief Executive Officer in which the evaluations made on the advisability of participating in the vote are described, as well as the voting intentions regarding the individual resolution proposals.

Once the necessary internal governance steps have been completed, the function in charge of investment management will exercise its vote also through the filing of lists for the appointment of Corporate Bodies, by electronic or postal means or with the physical presence of a proxy at the meeting venue, also in compliance with any regulations set forth by the issuer on the modalities of participation.

### **3.1.3. Monitoring and reporting on the exercise of voting rights**

The Company commits to communicate in cases of direct exercise of voting rights in listed companies, at least once a year, the implementation of the principles contained in these Guidelines and the results of the voting activities carried out.

### **3.1.4.Archiving**

Finally, the function in charge of investment management keeps track of the activities carried out, votes and actions exercised, reporting information on the following: securities for which voting rights were exercised, resolutions on which a vote was cast, type of vote cast for each resolution.



## 4. ENGAGEMENT ACTIVITIES

In compliance with the application of the provisions of the LGSS and/or the Responsible Investment Policy, the Companies engage the issuers in their portfolios in order to better manage ESG issues with regard to the companies in which they invest, through a positive dialogue. This dialogue may be conducted individually by each company or in cooperation with other investors.

### 4.1. Objectives

Company engagement activities, once the relevant corporate governance processes have been completed, are carried out by the function in charge of investment management, if the conditions identified in the LGSS and/or the Responsible Investment Policy are met, by engaging in dialogue with the relevant issuers.

These activities may be carried out independently or in pools with other investors and may be 'spontaneous' (in order to disseminate best practices) or 'reactive', (i.e. initiated following the emergence of one of the critical issues identified within the LGSS and/or in coherence with the objectives set out in the Responsible Investment Policy).

Engagement activities may consist of meetings with the management of issuers, communications to corporate bodies, or pooled dialogue activities with other institutional investors; these modalities are chosen according to the nature of the topic to be discussed or its relevance, also taking into account the necessary timeframe.

The Company's engagement policy may follow the following approaches:

- Awareness-raising: this may consist of meetings with companies with the aim of influencing their practices through recommendations on specific ESG issues, material to their sector. These recommendations may be the result of in-depth studies and research carried out by the Company with the support of external providers, also on the basis of studies published at national and international level and of participation in international tables aimed at supporting institutions and companies in taking measures to solve critical issues related to these topics;
- Monitoring: this form of engagement aims to use meetings with portfolio companies to add data and information useful for the correct assessment of their ESG profile;
- Voting: consists of the exercise of voting in meetings on ESG issues and is carried out within the scope of the activities regulated in the previous section of this document.

Each company's engagement activities aim to create awareness of ESG risks that may impact the business and understand how issuers manage these risks, through:

- the definition of an ESG strategy with clearly defined objectives and timelines;
- the improvement of governance with regard to ESG issues;
- transparency on ESG strategy, governance and performance;
- internal and external assurance on ESG strategy, governance and performance;
- adherence to standards and participation in external initiatives spread nationally and internationally.

### 4.2. Themes of engagement

The engagement activities of each company focus on the most relevant issues for its portfolio companies. For this purpose, the function in charge of investment management, in line with the LGSS and the Responsible Investment Policy, carries out a materiality analysis of ESG topics,

identifying those topics that have a significant impact on the company's business and a relevant influence on its stakeholders.

In general, as identified within the LGSS and/or the Responsible Investment Policy, the following topics are taken into account, including but not limited to:

- climate change (including carbon emissions, etc.)
- pollution and waste (including lack of an environmental management system, toxic emissions and waste, etc.);
- human capital (including child labour, supply chain labour standards, health and safety, etc.);
- impacts on local communities;
- anti-corruption policies;
- involvement in serious environmental and social controversies.

#### **4.3. Monitoring and reporting of engagement activities**

Engagement activities are monitored and evaluated periodically by each company within the Investment Committee on the basis of information provided by the function in charge of investment management. Given satisfactory improvements in the size of the engagement, it is considered concluded. If this is not the case, the company remains subject to engagement, but in the absence of tangible improvements over time, further actions may be considered for submission to the competent corporate bodies.

Each Company undertakes to provide periodic information on the implementation of the principles contained in these Guidelines, also in line with the provisions of the reference legislation.

#### **4.4. Archiving**

The function in charge of investment management and engagement shall ensure that records are kept of the relevant activities performed in accordance with these Guidelines.

## **5. EXERCISE OF VOTING RIGHTS AND ENGAGEMENT ACTIVITIES OF DELEGATED MANAGERS**

In cases in which the Companies have selected Delegated Managers, they undertake to transmit these Guidelines to the Delegated Managers to ensure that the Delegated Managers consider the same principles and apply its content, for the aspects relevant to their investment activity.

The Companies may consider delegating to the Delegated Managers the exercise of the voting rights as well as the engagement activities identified in the LGSS and/or the Responsible Investment Policy for the issuers held in their portfolios as governed by and in line with these Guidelines.

Each company monitors the attendance of meetings by the Delegated Manager for the purpose of exercising voting rights as well as the engagement activities undertaken.