

RESPONSIBLE
INVESTMENT
POLICY OF
BANCOPOSTA FONDI
S.p.A. SGR

Preamble

BancoPosta Fondi S.p.A. SGR (hereafter "BPF SGR") is aware that, by implementing effective investment processes, the asset management sector can help to protect the company, promote innovation and support economic growth, providing an important contribution to the sustainable development of the Country.

As an institutional investor, BPF SGR has the duty of creating long term value in the interest of the customers. For this reason, BPF SGR adopts this responsible investment policy (hereafter "the Policy") which describes the approach followed in managing the risks and the opportunities connected to environmental, social and governance factors "ESG" within the traditional investment processes. This choice comes from the conviction that assessing ESG risks and opportunities positively influences the management of the investment portfolios and gives a concrete response to the social and environmental needs expressed by the company at the same time, with a focus on climate change.

The adoption of the Policy is in line with the Sustainability Plan of the Gruppo Poste Italiane and strengthens its commitment to integrate ESG matters in its strategy, particularly to the finance sector.

Objectives

Through its Policy, BPF SGR intends:

- to define principles that allow BPF SGR to include ESG criteria in the management of its own investment activities, always taking into account the relevant peculiarities;
- to contribute positively to the economic, social and environmental impacts of the assets present in its own financial portfolios (both those managed directly and those delegated) and their fund managers, always in view of satisfying the investors' expectations;
- to communicate to all the stakeholders, including the personnel, the enterprises, the financial community and the institutions, its own vision of corporate social responsibility towards managing the economic, social and environmental impacts generated by the enterprises and financial institutes which BPF SGR enters into business relations with as an investor;
- to concretely follow the principles and guidelines acknowledged on a domestic and international level for integrating sustainability criteria in the traditional investment processes.

General principles

BPF SGR considers it essential to follow principles and standards shared internationally that may operate as guidelines for defining their approach as a responsible investor. This allows BPF SGR to participate in important initiatives on the subject of the integration of ESG criteria in the investment processes, offering an important opportunity for dialogue and sharing the best practises used amongst the main actors of the finance and asset management sector.

In particular, the Policy is based on the *Principles for Responsible Investment* ("PRI"), the six principles defined on the initiative of the United Nations, that indicate the main actions to be performed for the investor and offer specific instruments aimed at integrating ESG factors within traditional investment policies.

Adherence to these principles and their concrete implementation are also consistent with the subscription of United Nations Global Compact principles by the Gruppo Poste Italiane.

BPF SGR's responsible investment process and this Policy apply to all the managed assets (both with benchmark and flexible ones), whereas investments in ETF, Passive/Index Funds, Third Party funds (i.e. not delegated) - including those used in Active Management - and the so-called "wrapper" schemes (such as, mutual funds, retail portfolio management, etc.) or any mandates characterised by the presence of specific indications within the respective investment policies are excluded.

For funds delegated to third parties as laid down by article 33 of the Amalgamated Law on Finance - TUF, BPF SGR undertakes to transmit the Policy to third party managers.

Roles and responsibilities:

- **Board of Directors:** approves the Responsible Investment Policy and subsequent revisions; approves the Guidelines (for example the "Guidelines for investing in sensitive sectors", the "Guidelines on the exercise of voting rights and Engagement activities", the "Investment Process Guidelines") that are at the base of the Responsible Investment Strategy; periodically verifies the correct implementation of the Policy (for example through the monitoring of ESG scores and portfolio exposure to climate change, engagement activities and any actions implementing the "Guidelines for investment in sensitive sectors").
- **Management Committee:** monitors ESG scores, portfolio exposure to climate change and engagement activities carried out by the Market Analysis and Indirect Management Function; proposes to the Board of Directors the criteria related to the "Guidelines for investment in sensitive sectors".
- **Market Analysis and Indirect Management Function:** supports the Board of Directors in the review of the Responsible Investment Policy and in the proposals related to the aforementioned strategy in support to the Management Committee; provides the Management Committee with the monitoring of ESG scores and the exposure of portfolios to climate change; carries out engagement activities with issuers; integrates fundamental data with ESG scores in the internal assessment of relevant government and corporate bond issuers.
- **Investments Function, Financial Management Function and BancoPosta Risk Management:** receive from Market Analysis and Indirect Management Function the internal assessment of relevant government and corporate bond issuers that is realized through the integration of fundamental data with ESG scores.

ESG Assessment

BPF SGR's responsible investment policy is based on an activity of valuation of the issuers present in portfolios that also takes into account the environmental, social and governance profile of these issuers. In particular:

- for "corporate" issuers, the sustainability profile is defined by analysing the management and the performances in areas connected to environment, customers, suppliers, human rights, human resources, local communities and corporate governance;
- for "government" issuers, the sustainability profile is defined by analysing commitments and results in the subject of environmental protection, civil society and solidarity, governance of the institutions.

These analyses are carried out by assessing the respect by the issuers of universally acknowledged laws and standards issued by international organisations like the United Nations, International Labour

Organisation and OECD. In this regard, BPF SGR excludes issuers operating directly in the production of weapons banned by UN¹ conventions that violate the basic humanitarian principles (anti-personnel landmines, cluster bombs, depleted uranium, biological weapons, chemical weapons, non-detectable cluster munitions, blinding laser weapons, incendiary weapons and white phosphorus) from the investment universe.

The assessment of the ESG profiles of the BPF SGR investments is performed by the Management Committee and is based on the data and information processed internally and provided by external info-providers specialised in this kind of analysis. In particular, the Management Committee is responsible for examining and periodically assessing the criteria for defining the ESG profiles and the list of issuers to be excluded from the investment universe.

In order to make the ESG assessment process adopted efficient and to ensure the respect of the established criteria, BPF SGR applies the second level controls formalised within the company procedures and the third level controls.

ESG Monitoring

The Management Committee carries out a monitoring activity to analyse the evolution of the ESG profile of the issuers held in the portfolios (managed directly or delegated to third parties as laid down by art. 33 of the Amalgamated Law on Finance - TUF). The activity consists of verifying the periodic update of the ESG profiles provided by the external info-providers which covers all investments held in the portfolio, as specified in the paragraph "General principles" to which reference is made.

Particularly, BPF SGR is committed to adopting the necessary tools to carry out a monitoring also of the Carbon Footprint of portfolios with the aim of mitigating the related risks.

For delegated portfolios a verification in the application of the exclusion criteria is made as well as a structured monitoring focused on ESG criteria.

By implementing the principles and the processes adopted, BPF SGR pursues the objective of having a global ESG profile on its own investments that is in line with the best practice on the market according to assessments carried out by external info-provider recognised at an international level and specialised in this kind of analysis.

Engagement

In order to have all the necessary elements to evaluate the ESG profile of the investments held in the portfolio, BPF SGR also carries out ad hoc research, case studies and dialogue with issuers (so-called *engagement*) through direct or collective initiatives. This reflects the need to go beyond information received by external info-providers and to promote as far as possible the adoption of policies and practices aimed at sustainable development by issuers and Delegated Managers.

¹ Biological weapons as laid down by the BWC convention of 1970; chemical weapons as laid down in the OPCW convention of 1993; cluster munitions as laid down in the Oslo Convention of 2008; Anti-personnel landmines as laid down in the Ottawa Convention of 1997; non-detectable cluster munitions, laser weapons, incendiary devices, white phosphorous weapons as laid down in the relevant Convention of 1983; depleted uranium as laid down by the Resolution of the General Assembly of the United Nations of 2010

The engagement activities may consist of meetings with the management of the issuers, communications to the governing bodies or dialogue with other institutional investors.

For funds delegated to third parties as laid down by article 33 of the Amalgamated Law on Finance – TUF, BPF SGR undertakes to request from Delegated Managers feedback and results of the engagement activities realized on issuers held in the delegated portfolios.

In this regard, BPF SGR has adopted the "Guidelines for exercising voting rights and engagement activities" and the "Guidelines for Investment in Sensitive Sectors" that regulate approach and methods of engagement, to which reference is made for any further information.

Responsible investments

Within the strategy of responsible investment, BPF SGR will continue to gradually integrate its commercial offer with products that promote ESG features.

Reporting

BPF SGR undertakes to communicate, at least annually, the methods for implementing the principles contained in this Policy and to also publish it on its own website.

Disclosure and Updating

The Policy is communicated to all the BPF SGR personnel, also assessing special and specific training sessions according to the operative environments, to the roles and responsibilities.

This Policy 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 of responsible investing and in any case whenever an update is required.

The updated Policy is made available on the corporate website of BPF SGR and through public reporting to all the stakeholders, the financial community and the institutions.

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