

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

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Responsible Investment Policy

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Introduction

BancoPosta Fondi S.p.A. SGR (hereafter "BPF SGR" or "the Company") is aware that, through the implementation of effective investment processes, the asset management industry can promote innovation and support economic growth, providing an important contribution to the sustainable development of the country.

As an institutional investor, BPF SGR has a duty to act for the creation of long-term value and in the interest of customers. Therefore, BPF SGR adopts this Responsible Investment Policy (hereafter "the Policy"), which describes the approach followed in managing risks and opportunities related to Environmental, Social and Governance ("ESG") factors within its investment processes. This choice stems from the conviction that assessing ESG risks and opportunities makes it possible to positively influence the management of investment portfolios and, at the same time, provides a concrete response to the social and environmental needs expressed by the community.

BPF SGR, in line with the Poste Italiane Group's strategy, aims through its investment activities to pursue sustainable growth, contributing to sustainability issues such as climate change, environmental conservation and the protection of human rights.

1. Objectives and Scope

The Policy defines the criteria and methods by which BPF SGR integrates ESG factors into its investment activities with the aim of addressing and managing any risks to the overall performance of the portfolio, mitigating negative effects, and fostering positive impacts from its investments on the environment and society.

This Policy applies to all investments underlying products established by BPF SGR. The Sustainable Finance Disclosure Regulation on sustainability-related disclosures in the financial services sector applies to these products.

With regard to investments in ETFs, Passive/Index Funds, Third Party Funds (i.e., not delegated) - including those used in Active Management - and the so-called "wrappers" schemes (such as, by way of example, funds of funds, retail portfolio management, etc.), the Policy covers only the monitoring activities described in the section "Monitoring Sustainability Factors in Investments", except in the case of products where ESG criteria are expressly applied in the selection of third-party products (as detailed in the section "Integration of Sustainability Factors into Investment Choices").

Portfolio management mandates given to BPF SGR by third parties are excluded from the scope of application since there is a lower degree of discretion in the selection of financial instruments, as specific investment guidelines are already provided.

The Policy is communicated to all personnel, also by way of dedicated training sessions depending on the areas of operations, roles, and responsibilities, and it is made available on the Company's website to all stakeholders, including the market, the financial community and institutions.

Heads of corporate functions are entrusted with the task of integrating the commitments defined by the Policy within business decisions and operations.

This Policy will be evaluated for updating at least once a year considering any emerging evidence and from the monitoring of national and international trends in responsible investment practices.

2. Normative references

This document is defined consistently with other internal regulatory tools and current external regulatory references applicable to BPF SGR.

a. External regulations

The regulatory framework relevant to this Policy consists of:

- Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ("Sustainable Finance Disclosure Regulation" or "SFDR") and subsequent Delegated Regulation (EU) 2022/1288 ("Regulatory Technical Standards" or "RTS");
- Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation");
- Directive (EU) 2017/828 of the European Parliament and of the Council, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ("Shareholder Rights Directive 2");
- Commission Delegated Directive (EU) 2021/1270, amending Directive 2010/43/EU as regards sustainability risks and sustainability factors to be taken into account for Undertakings for the Collective Investment in Transferable Securities (UCITS);
- Italian law 220/2021 «*Misure per contrastare il finanziamento delle imprese produttrici di mine anti-persona, di munizioni e submunizioni a grappolo*» (Measures to Counter the Financing of Enterprises Producing Anti-Personnel Mines, Cluster Munitions and Submunitions) and subsequent Decree No. 73 of June 21, 2022 coordinated with Conversion Law No. 122 of August 4, 2022).

b. Internal regulations

Internal regulations relevant to the implementation of this Policy consist of:

- Guidelines for investment in sensitive sectors;
- Guidelines for exercising of voting rights and engagement activities (with implementation of the Italian Principles of Stewardship);
- Remuneration and Incentive Policy¹;
- Guidelines for the Development and implementation of ESG topics;
- Guidelines for Investment Process.

¹ The internal regulations indicated so far are available on the "Responsibility and Sustainability" page of BPF SGR's website.

3. General principles

BPF SGR adheres to internationally shared principles and standards to promote responsible business conduct and investment practices.

In particular, BPF SGR has been a signatory of the United Nations **Principles for Responsible Investment ("PRI")** since 2019, and through this adherence, the Company is committed to respecting and disseminating the following 6 principles by integrating them into its responsible investor approach:

1. we will incorporate ESG issues into investment analysis and decision-making processes;
2. we will be active owners and incorporate ESG issues into our ownership policies and practices;
3. we will seek appropriate disclosure on ESG issues by the entities in which we invest;
4. we will promote acceptance and implementation of the Principles within the investment industry;
5. we will work together to enhance our effectiveness in implementing the Principles;
6. we will each report on our activities and progress towards implementing the Principles.

BPF SGR's approach is also based on international standards such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and its Follow-up, the 10 Principles of the Global Compact, the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises.

4. Governance

Corporate bodies and functions responsible for the implementation of this Policy are:

- the Board of Directors (BoD): with the support of the Risk Committee, is responsible for defining the ESG strategies adopted by the SGR, including this responsible investment policy and specific guidelines on the subject, and for monitoring their implementation;
- the Chief Executive Officer (CEO): with the support of the Committees carrying out specific tasks on ESG matters, formulates proposals to the BoD relating to ESG strategies, including this responsible investment policy and specific guidelines on the subject, and oversees their implementation in accordance with the defined guidelines; approves and monitors the exercise of voting rights and engagement activities; monitors the proper implementation of ESG strategies at corporate level;
- the Management Committee (MC) and Governance Committee: provide advice and support the CEO on the issues addressed in this responsible investment policy and in the specific ESG guidelines adopted by the Company, according to their respective areas of responsibility;
- the Business Development Function/ESG: oversees the dissemination and the implementation of sustainable investment principles in connection with the relevant functions, promoting the integration of environmental, social and governance factors into the investment process and business practices;

- the heads of business functions: implement the provisions of ESG strategies, including this Policy and specific guidelines on the subject, in their areas of responsibility, within business decisions and operations or as part of the related control and monitoring activities.

5. Integration of sustainability factors into investment decisions

The ESG integration approach in investment processes involves the consideration of sustainability risks and the implementation of responsible investment strategies (SRI and ESG) based on an evaluation of issuers and financial instruments based also on environmental, social and governance criteria. BPF SGR has also adopted additional specific strategies on some of its portfolios, whose management is oriented toward the promotion of environmental and/or social characteristics. In addition, BPF SGR is committed to monitoring the performance of indicators related to adverse impacts of investment decisions on sustainability ("Principal Adverse Impacts" or "PAIs") both at the entity level and at product level.

a. SRI and ESG strategies

- **Relevant strategies for all portfolios:**
 - ESG assessment: Integration of sustainability risks in the assessment of corporate and government issuers of investable assets;
 - Exclusion from the investible universe of all active management of:
 - Bond (corporate) and equity securities issued by issuers directly engaged in the production of weapons banned by UN Conventions² that violate basic humanitarian principles (anti-personnel mines, cluster bombs, depleted uranium, biological weapons, chemical weapons, invisible fragmentation weapons, blinding lasers, incendiary weapons, white phosphorus, nuclear weapons). This exclusion also allows BPF SGR to comply with the provisions of Italian Law 220/2021 "*Misure per contrastare il finanziamento delle imprese produttrici di mine anti-persona, di munizioni e submunizioni a grappolo*" (Measures to Counter the Financing of Companies Producing Anti-Personnel Mines, Cluster Munitions and Submunitions) and subsequent Decree No. 73 of June 21, 2022, coordinated with Conversion Law No. 122 of August 4, 2022.
 - Belonging to sensitive sectors: investment choices also consider whether an issuer belongs to a sensitive sector. Monitoring of exposure to activities or sectors that present inherent risk relevant from an ESG perspective (the so-called "sensitive sectors" as defined in the related Guidelines) also takes place during the holding of the investment.
- For portfolios where management is delegated to third-party Investment Managers, BPF SGR has defined special processes for assessing the ESG profile of the Delegated Manager to

² Biological weapons referred to in the 1975 BWC Convention; chemical weapons referred to in the 1993 OPCW Convention; cluster bombs referred to in the 2008 Oslo Convention; anti-personnel mines referred to in the 1997 Ottawa Convention; undetectable fragment, laser, incendiary, and white phosphorus weapons referred to in the related 1983 Convention; depleted uranium referred to in the 2010 UN General Assembly Resolution; nuclear weapons referred to in the 1970 Treaty on the Non-Proliferation of Nuclear Weapons (TPNW).

ensure the integration of ESG criteria also in the delegated portfolios. In such cases, the SGR carries out due diligence activities that also integrates guidance from relevant international frameworks. Due diligence aims at assessing the overall ESG approach of the Delegated Manager, its suitability to the delegation of investment portfolios, as well as the consistency with BPF SGR's ESG approach defined in this Policy and other relevant internal regulatory documents.

Regarding investments in ETFs, Passive/Index Funds, Third-Party Funds (i.e., not delegated) - including those used in Active Management - and the so-called "wrappers" schemes (such as, but not limited to, funds of funds, retail portfolio management, etc.), the Policy covers only monitoring activities (see the section "Monitoring Sustainability Factors in Investments").

- **Additional strategies relevant to mutual funds that promote environmental and/or social characteristics in accordance with Article 8 of Regulation (EU) 2019/2088 ("SFDR"):**
 - SRI exclusions: exclusion of bonds (corporate) and equities issued by issuers involved³ in sectors deemed controversial such as coal, tobacco, gambling, defense;
 - Best in class: investments in issuers that stand out within their global industry for best sustainability practices; investments that aim to achieve a weighted average portfolio ESG score above a threshold identified according to the rating scale of the data provider used.

For mutual funds that apply multi-manager strategies (i.e., funds of funds) and promote environmental and/or social characteristics, the selection of UCITS from third-party fund houses (ETFs, mutual funds, and SICAVs) to be included in the portfolio involves the simultaneous application of the following ESG criteria:

- Preliminary selection of fund houses that are members of international organizations that promote consideration of ESG issues, have an explicit commitment to responsible investment with respect to assets under management, and have a structure dedicated to the application of the responsible investment policy;
- Selection of UCITS that promote environmental and/or social characteristics (under art. 8 SFDR) or have sustainable investments as an objective (under art.9 SFDR);
- Assigning a proprietary rating to UCITS of (selected) fund houses based on the investment strategies applied (exclusions, best in class, consideration of PAIs, sustainable investment objectives, etc.) with a forward-looking approach.

b. Consideration of the principal adverse impacts of investment decisions on sustainability factors (PAIs)

BPF SGR manages the principal adverse impacts of its investment decisions on sustainability factors through the application of this Policy and the other defined Responsible Investment Guidelines.

³ Based on turnover thresholds detailed in the pre-contractual disclosure of funds and in the "Sustainability Disclosure" section available on the BPF SGR's website.

BPF SGR is committed to monitoring the performance of PAI indicators both at the entity level and in mutual funds that provide for their consideration (funds promoting environmental and/or social characteristics under Article 8 SFDR) and to taking actions with the aim of mitigating and minimizing the adverse impacts of its investments on the environment and society. To this purpose, BPF SGR conducts activities to analyse the values associated with issuers to find any outliers and to monitor their evolution over time.

The monitoring methodology considers the probability and severity of possible adverse impacts of investment decisions, as it allows to identify the main contributors to the performance of individual indicators. The severity of possible adverse impacts is assessed in monitoring and defining mitigation actions.

To manage significant exposure and/or exposure to sectors deemed "sensitive" in terms of impact, BPF SGR undertakes targeted mitigation actions such as engagement, exclusion and/or limitation of exposure.

Information on the consideration of principal adverse impacts on sustainability factors is provided in accordance with Regulation (EU) 2019/2088 and Delegated Regulation (EU) 2022/1288:

- at the entity level through the "Statement on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors";
- at the product level in pre-contractual disclosures and periodic reports.

6. Monitoring sustainability factors in investments

BPF SGR adopts monitoring processes on its portfolios that take place on an ongoing basis and are aimed, on the one hand, at monitoring compliance with the strategies applied in the investments and, on the other hand, at containing the risks associated with ESG and SRI issues, including on a reputational level. In order to carry out its monitoring activities in accordance with an approach that is as centralized and efficient as possible, the Company uses a technological platform that supports the management and monitoring of portfolios and enables to integrate information flows from external providers specialized in the provision of ESG data.

The monitoring carried out by BPF SGR may focus on the overall ESG profile of portfolios, also compared to predetermined benchmarks, or on specific areas on which BPF SGR has identified risks related to potential critical issues.

Regarding the first case, the Company uses ESG ratings and indicators calculated on the basis of information from data providers, as well as special dashboards for monitoring the exclusion criteria applicable.

As mentioned, BPF SGR pays special attention to sustainability issues of a systematic nature, as they have the potential to also compromise the financial performance of investments and the interests of customers. In this regard, specific monitoring of climate impact indicators is implemented; indeed, the Company is aware of transition risks arising from the possible inability of issuers to complete the transition to a low-carbon economy, as well as direct physical risks. Both risks are monitored through portfolio scores.

BPF SGR has also established dedicated monitoring processes, and possible escalation measures, for investments in equities and bonds of issuers operating in the so-called "sensitive sectors", as governed by the related "Guidelines for Investment in Sensitive Sectors". Such Guidelines defines the range of companies that have inherent relevant risk at ESG level due to their involvement in controversial sectors or activities:

- Fossil fuel sector issuers;
- Coal sector issuers;
- Animal testing issuers;
- Human rights protection scope issuers.

Exposure to the aforementioned issuers must be monitored and may give rise to further action if conditions are met.

In addition, BPF SGR conducts monitoring of environmental and social PAI indicators, as described in the previous chapter on "Consideration of the principal adverse impacts of investment decisions on sustainability factors (PAIs)".

With respect to third-party UCITS in portfolios, BPF SGR adopts tools to monitor the ESG characteristics of products and fund houses.

Finally, verification of compliance with exclusion criteria and structured monitoring, focused on the overall ESG integration approach adopted by the Delegated Manager at the organization level and at the financial product level are provided for third-party delegated management. This monitoring is carried out:

- continuously and directly by BPF SGR through its proprietary platform and ESG data from its data providers;
- by receiving quarterly updates from the Delegated Managers, who rely on their own methodologies and databases for this purpose;
- through the evaluation of answers to a monitoring questionnaire (based on a framework suggested by the PRI and the best practices in sustainable finance) administered periodically to the Delegated Managers.

7. Engagement and exercise of voting rights

BPF SGR believes it is important to be a proactive investor by integrating an interaction with portfolio issuers (engagement) and the exercise of voting rights in shareholders' meetings among the SRI Strategies adopted according to this Policy.

BPF SGR is committed to conducting constructive dialogues with investee companies, promoting effective discussions with their management to analyse their economic and financial outlooks as well as environmental, social and governance aspects. This dialogue is carried out in collaboration with other investors or individually by BPF SGR.

Portfolios' monitoring activities are also aimed at identifying issues that characterize investee companies in order to establish an active dialogue and promote as much as possible the adoption of policies and practices fostering sustainable development by issuers. Engagement activities may consist of meetings with the issuers' management, communications to corporate bodies, or dialogue activities, mainly in pool with other institutional investors.

The exercise of voting rights is carried out directly by BPF SGR through the support of third-party entities specialized in carrying out voting activities. To this end, BPF SGR has adopted a voting policy in line with this Policy, the Italian Principles of Stewardship, and the PRI.

The objectives, criteria, and procedures for BPF SGR's engagement and voting practices are detailed in the "Guidelines for Exercising Voting Rights and Engagement Activities", to which please refer for further details.

Regarding portfolios for which management is delegated to third parties, BPF SGR periodically requests Investment Managers to share feedbacks and the outcomes of the engagement activities undertaken with respect to the issuers held in the portfolios delegated to them.

8. Reporting / Disclosure

BPF SGR publishes this Policy on its website for the benefit of its customers/investors and all stakeholders.

BPF SGR periodically communicates how the Policy is being implemented within the "Sustainable Finance" section of the Poste Italiane Group's Annual Financial Report and in the Report that BPF SGR sends annually to customers of the UCITS that it has established.

According to the provisions of Regulation (EU) 2019/2088 and Delegated Regulation (EU) 2022/1288:

- information regarding the SGR's policies on integrating sustainability risks into investment decisions, the consideration of principal adverse impacts on sustainability factors, and the consistency between remuneration and the integration of sustainability risks are published at the "Responsibility and Sustainability" section of the website (<https://bancopostafondi.poste.it/prodotti/responsibility-sustainability.html>);
- information regarding the integration of sustainability risks and the promotion of environmental and/or social characteristics of products is provided in pre-contractual and periodic disclosures on mutual funds and in the "Sustainability Disclosure" section of the website (<https://bancopostafondi.poste.it/prodotti/informativa-di-sostenibilit%C3%A0.html>)

In accordance with the Shareholders' Rights Directive 2, BPF SGR discloses information on engagement and voting activities carried out during the year in the mutual funds' periodic reports, in the Report sent annually to customers, and by publishing an annual disclosure on the webpage "[Responsibility and Sustainability](#)".

The indicators required by EU Regulation 852/2020 (Taxonomy Regulation) for financial companies are reported in a dedicated section of the Poste Italiane Group's Annual Financial Report.

In its role as a signatory of the PRI, BPF SGR provides annual information on its responsible investment activities through the compilation of the annual PRI Report, available at www.unpri.org.