Engagement Policy

Contents

References

[1] Consolidated Law on Finance
[2] CONSOB-Bank of Italy Single Measure on Post Trading
[3] Issuers' Regulation
[4] COVIP Regulation on transparency of engagement policy and elements of the equity investment strategy for pension funds
[5] ANIMA – Strategy for the exercise of voting rights pertaining to the financial instruments held by managed products
[6] ANIMA – ESG Policy

Amendments to the document

Versions	Date	Description of the Amendments
00	26/02/2021	First issue and BoD approval
01	25/02/2022	Annual regulatory review
02	30/05/2023	Annual regulatory review and BoD approval

Definitions

- **Management Functions** – team of resources (Managers) who, according to the internal management powers assigned to them, make investments in relation to the assets under management.

- **Institutional investors** – 1) an insurance or reinsurance undertaking as defined in parts u) and cc) of paragraph 1 of Article 1 of Legislative Decree No 209 of 7 September 2005, including branches in Italy having their head office in a third State, authorised to practise life insurance or reinsurance activities pursuant to Article 2, paragraphs 1 and 2 of the same decree; 2) pension funds with at least one hundred members, registered in the register kept by COVIP and falling within the funds referred to in Article 4, par. 1 and Article 12 of Legislative Decree No 252 of 5 December 2005, or within the funds referred to in Article 20 of the same decree with legal personality.

- **Asset managers** – asset management companies (SGRs), open-ended investment companies (SICAVs), closed-ended investment companies (SICAFs) that directly manage their own assets and entities authorised in Italy to provide portfolio management services.

1. Premise and Generalities

The European regulation on encouraging the long-term engagement of shareholders (Shareholder Rights Directive II), transposed into Italian law, requires asset managers and institutional investors to adopt and disclose to the public an engagement policy that describes the methods by which they:

- monitor investee companies with shares admitted to trading on a regulated market in Italy or another EU Member State on relevant issues, including strategy, financial and non-financial performance as well as risks, capital structure, social and environmental impact and corporate governance;
- dialogue with investee companies;
- exercise voting and other rights attached to shares;
- collaborate with other shareholders;
- communicate with the relevant stakeholders of the investee companies;
- manage current and potential conflicts of interest in relation to their engagement.

On the basis of the above rules, Anima SGR has defined this policy, which will be updated at least annually and published on the Anima SGR website within fifteen days of its approval by the company's Board of Directors. The Engagement Policy remains available to the public for at least three years after the end of its validity.

The policy applies i) to all products managed by ANIMA SGR; ii) to the Fondo Pensione Aperto Arti & Mestieri, qualified as an institutional investor pursuant to Article 124-quater, paragraph 1 b), point 2 of the Consolidated Law on Finance (TUF).

With reference to individual and collective management agreements with institutional customers (management powers), the policy is applied on the basis of the agreements themselves, in compliance with current legislation and the 'comply or explain' principle.

2. Monitoring investee companies

The policy is inspired by the "Italian Principles of Stewardship" issued by Assogestioni, and the EFAMA Stewardship Code, which contain recommendations for the implementation of a series of best practices aimed at stimulating dialogue and cooperation with the issuers to which the financial instruments in which the assets of the managed portfolios are invested refer. Anima SGR applies these principles of best practice to both Italian and foreign issuers in whose securities the managed assets are invested. These principles may be applied in a proportionate manner, e.g. by setting significance thresholds with reference to the holdings held in the managed portfolios, in order to identify the issuers deemed most significant.

In this regard, the SGR considers "significant issuers" to be issuers for which the following conditions are jointly met:

i) the total number of shares held by all managed products is greater than 1% of the total number of shares issued in the same category;
ii) the holding represents a significant weight in the managed products, with significant assumed to be a weight of more than 1% of the 'NAV' in at least one of the products with shares in the portfolio.

With respect to the financial instruments of issuers other than shares, the same quantitative criteria are applied by referring – for the first percentage – to the total number of the same financial instruments issued by the issuer. The fulfilment of the above conditions is assessed on a quarterly basis, in relation to the data collected on the last day of the reference quarter.

Even where the total holding of products falls below the above thresholds, the principles may be applied at the discretion of the SGR, taking into due account the significance of the investment held, both quantitatively and qualitatively (e.g. in relation to particular events affecting the issuer).
The principles will tend to be applied to those issuers that exceed the significance thresholds on a stable and continuous basis; they may not be applied when the aforementioned thresholds are exceeded only temporarily and/or as part of a short-term investment strategy.

The monitoring of issuers is aimed at protecting and increasing the value of managed products. With regard to significant issuers, the SGR adopts all monitoring measures and tools that, as far as is flexible and proportionate according to assessments of appropriateness, also apply to other issuers in which it has a holding.
Monitoring is mainly focused on the analysis of the economic and financial outlook and on corporate governance issues, particularly in the event of potential critical issues.

Monitoring is conducted on an ongoing basis and includes, inter alia:

(i) quantitative control on the performance of the security and its contribution to the fund's performance;
(ii) analyses of data and news disseminated in the media and disclosed by information providers, and of the main research carried out by financial analysts;
(iii) evaluation of the announced periodic financial reports and possible participation in the related conference calls;
(iv) periodic meetings with issuer representatives;
(v) analysis of press releases and documents published by issuers, with particular reference to corporate events submitted to the shareholders' meeting;
(vi) dialogue with industry experts, independent legal advisors, etc.

3. Dialogue with investee companies

Dialogue or engagement with issuers is aimed at protecting and enhancing the value of the managed portfolios and can be initiated either by the Management Functions, the Investment Principles Service or the ESG Committee.

The SGR identifies certain specific circumstances prior to taking action against the issuer and defines the relative procedures.
By way of example but not limited to, the SGR considers taking action against the issuer if, in the course of its monitoring activities, it finds the following critical issues:

- performance of the security significantly lower than the sector performance;
- any significant losses that may affect the share capital and constitute the case referred to in Article 2446 of the Civil Code;
- proposals for extraordinary transactions or changes to the organisational structure that may significantly alter the issuer's risk profile or may substantially transform its business model;
- extraordinary transactions and/or amendments to the Articles of Association that may affect the rights of shareholders or lead to the exercise of the right of withdrawal;
- significant environmental, social or corporate governance (ESG) issues, selected in line with the Sustainable Development Goals (SDGs) that the SGR has chosen to promote (SDGs 3, 12, 13, 16 and 17) and with the related indicators of the adverse impacts of the investments on sustainability factors (PAIs) that it has undertaken to consider (PAIs 4, 14 and 16), as outlined in its ESG Policy;
- legal or tax matters or environmental or social disputes involving the issuer or its representatives;
- proposals for resolutions to the shareholders' meeting, with the resulting emergence of an unfavourable position.

In such circumstances, the SGR may initiate individual engagements or participate in collective engagement initiatives with issuer representatives (contact managers or investor relators), specifically to discuss or present the issues raised.

The details and results of engagement activities are shared within the SGR's various offices both to enable better monitoring of issuers' environmental, social and governance profiles, and to enable the use of the information acquired in the investment process.

If the results of the initiated engagement indicate that the issues addressed cannot be considered to be under resolution or improving over the investment time horizon, the SGR may decide to divest investments in the issuer's securities from all portfolios.

The SGR prioritises in any case collective engagement initiatives, including those vis-à-vis issuers of government securities and regulatory bodies, both as a form of exercising investors' rights and as a form of disseminating the Principles of Responsible Investment that it has undertaken to apply in the interest of its stakeholders.

Italian issuers

In the case of Italian issuers, the main instrument of collective engagement for ensuring a sound and prudent management and the issuer's risks control consists of jointly presenting with other professional investors, through the Managers' Committee (composed of representatives of Assogestioni associate AMCs and other institutional investors), the lists of candidates for the election of minority members of the management and control bodies of the issuer in which they have a holding.

With regard to significant issuers, should the monitoring and actions described above reveal circumstances deemed particularly problematic and with potentially significant effects on the managed products, the SGR – in order to protect investors – considers the adoption of forms of collective engagement together with other institutional investors, for instance through the procedures envisaged by the Managers' Committee.

Collective engagement together with other institutional investors is usually considered preferable both in cases where the SGR is the promoter (individually or collectively), and in cases where it joins initiatives promoted by other investors. Such initiatives may concern, first and foremost, the request for (further) collective dialogue with the issuer's management or independent directors and/or auditors, in compliance with recognised rules of best practice on monitoring and engagement.

Any initiatives aimed at exercising shareholders' rights, in particular where qualified "quorums" are required (e.g. calling a shareholders' meeting at the request of shareholders, requesting additions to the shareholders' meeting agenda and/or the presentation of new resolution proposals), as well as any class action where permitted by applicable law, will preferably be taken in coordination with other institutional investors, including through the Managers' Committee procedures, in the sole interest of the investors in the managed products.

Foreign issuers

In the case of foreign issuers, engagement may involve direct dialogue with the companies, although it is usually undertaken:

- collectively, by signing motions, petitions or joining similar initiatives promoted by non-governmental organisations or investor associations through platforms such as the Principles for Responsible Investment, CDP (Carbon Disclosure Project) and similar;
- by participating in the shareholders' meetings of issuers, through the exercise of voting rights in accordance with Anima SGR's policy and in the manner specified below.

4. Exercise of voting rights and other rights attached to shares

The SGR has established a Voting Rights Policy that takes ESG factors into account and undertakes to exercise its voting rights in line with Sustainable Development Goals (SDGs) 3, 12, 13, 16 and 17, which the SGR has chosen to promote, and with the related indicators of the adverse impacts of the investments on sustainability factors (PAIs) that it has undertaken to consider (PAIs 4, 14 and 16), as outlined in its ESG Policy.

The SGR develops strategies to regulate the exercise of participation and voting rights with reference to issuers whose securities are admitted to trading on the main national and international markets and are held in the portfolios of the products managed, in the exclusive interest of investors.

With reference to the management of portfolios on an individual basis, Anima SGR does not exercise voting rights for shares held by the client in the managed portfolio, unless the client has granted a specific power of attorney pursuant to Article 24 of the TUF or as defined within the management agreement.

With reference to management proxies for institutional investors, Anima SGR does not exercise voting rights unless expressly governed by the management agreement.

Significant corporate events are analysed and identified through the use of information providers and other media that report information disseminated by or relating to the issuer. This activity mainly refers to the shareholders' meetings of major listed companies on European, US and Japanese markets. In particular, in compliance with investors' interests and management requirements, voting rights are exercised on markets where the administrative activities of registering and casting votes are easy and generally not encumbered by ancillary activities and duties, authorisations, certifications, and communications that would result in the blocking of securities contributing to voting for periods deemed excessive.

The assessment as to whether it is appropriate to participate in shareholders' meetings and exercise voting rights does not automatically extend to all managed products holding the securities in question. However, where several managed products are involved in the same meeting, the voting is generally uniform. The amount of the securities for which the right to participate and vote at the shareholders' meeting is exercised may not represent the entirety of the securities held by the portfolios involved, but is determined by virtue of current assessments of investor protection and market requirements.

The Investment Committee is informed of the actions prepared in relation to the exercise of voting rights in the shareholders' meetings of the companies in which the assets of the products managed by the Company are invested, as well as the possible submission of minority lists for the appointment of the administration and/or control bodies.

Voting rights must always be exercised in an informed manner, on the basis of the information published by the investee companies or by the usual media (for example: websites of issuing companies, daily and periodical press, information providers of financial data and environmental (E), social (S) and governance

(G) data, news and analyses), as well as possible analyses conducted by leading research companies specialising in proxy voting.

Participation and voting in the shareholders' meeting may take place either:
- by subscribing to proxy voting services;
- or by proxy granted to an employee or collaborator of the SGR or the Group;
- or by proxy granted to a third party (lawyers, consultants, etc.).

If participation in the meeting takes place through a proxy, the voting instructions defined by the SGR are binding, and the proxy may not deviate from them.

In particular, in exercising its right to participate and vote, the SGR adheres to the following principles:
- it may not bind portfolio securities to shareholders' agreements (e.g. voting or blocking syndicates);
- it may at any time recall the securities of any issuer that it may have lent;
- it exercises its voting rights in complete autonomy and independence;
- if it grants proxy to third parties to exercise of the right to participate and vote, the proxy or other documents must include specific and explicit voting instructions;
- with reference to the presentation of lists of candidates for election to administrative and control bodies of Italian companies, it follows the principles and criteria identified by the Assogestioni Corporate Governance Committee.

If deemed appropriate and where permitted by applicable law, the SGR has the right to submit written questions to the issuer prior to the meeting on items on the agenda, to communicate its voting intentions to the issuer and/or through collective platforms (e.g. PRI Collaboration Platform) and to publish specific information on its website regarding the votes cast.

By way of example only, for significant issuers, the following types of transactions formalised in a shareholders' resolution proposal are monitored with particular attention:
- all transactions on the share capital, including those involving special classes of shares or other financial instruments and the related special meetings (e.g. capital increases or reductions, new issues, conversions, amendments to rights, etc.);
- all extraordinary transactions (e.g. mergers, demergers, transformations, acquisitions or sales of branches of business or significant shareholdings, bond issues, transactions with significant related parties, etc.);
- amendments to the articles of association affecting the corporate purpose, corporate governance rules and shareholders' rights;
- financial statements and remuneration policies;
- appointment of corporate bodies (including the common representative, where applicable);
- environmental, social, or corporate governance (ESG) issues identified in line with Sustainable Development Goals (SDGs) 3, 12, 13, 16, and 17 and the principal adverse impacts (PAIs) 4, 14, and 16 considered in its ESG Policy;
- possible social responsibility actions.

In cases where it is assessed that the exercise of the right to vote is not likely to result in an advantage or interest for the managed products, or in possible cases of lack of adequate and sufficient information to cast the vote in an informed manner, the SGR shall not exercise the right to vote or shall abstain.

Detailed processes and activities, including the criteria and procedures for exercising participation and voting rights, are regulated in a special organisational procedure.

5. Communication with the relevant stakeholders of investee companies

Anima SGR publishes a public report on the implementation of this policy on the SGR website by 28 February of each year, starting in February 2022, with reference to the previous year's engagement activity and in accordance with the provisions of the policy in force during the reference period.

Anima SGR publishes an annual report on the implementation of the Engagement Policy including for the Fondo Pensione Aperto Arti & Mestieri.

As far as institutional clients are concerned, the SGR provides this policy upon conclusion of the contract.

The SGR also ensures transparency on how it exercises its voting rights within the periodic accounting documents for the managed products and through voting information and data published on the company's website. The periodic disclosure will contain specific information on the shareholders' meetings of significant issuers in which the rights to participate and vote were exercised, and the engagement actions implemented with respect to these significant issuers.

Further information can be requested directly from the SGR.

6. Managing potential conflicts of interest in relation to the engagement activity

The SGR does not exercise its right to participate and vote and does not take part in the presentation of minority lists for the appointment of corporate bodies in situations where there are conflicts of interest with issuers falling within the definition of "related parties" as defined in the relevant policies and procedures adopted by the SGR[1], or in the shareholders' meetings of such issuers.

Should significant issuers be found to include issuers with a conflict of interest insofar as they are included in the notion of "related parties" pursuant to current company policies and procedures, the SGR will normally limit the application of the Stewardship Principles to monitoring activities, refraining from forms of individual and collective engagement, participation or voting in shareholders' meetings and, for Italian issuers, from submitting minority lists for corporate bodies.

The SGR also requires proxy advisors to produce periodically updated disclosures on their conflicts of interest with respect to the companies for which they make recommendations for the exercise of voting rights.

[1] On the basis of the notion of "related parties" established by the current "Conflict of Interest Management Policy" (to which reference is made) and the current corporate organisation of the Anima Group, the issuers to which this provision applies are: (i) the parent company; (ii) shareholder issuers exercising significant influence over the parent company, including through a shareholders' agreement; (iii) issuers with which companies of the Anima Group have entered into significant placement agreements; (iv) issuers with which companies of the Anima Group have entered into Custodian agreements; (v) outsourcers to which the SGR has outsourced its services.