



**SHAREHOLDERS' AND STAKEHOLDERS'
ENGAGEMENT POLICY
AVIO S.P.A.**

(ENGAGEMENT POLICY)

This document was approved by Avio S.p.A. Board of Director on March, 3th 2022

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1. Preamble and References

Avio S.p.A. Board of Directors - upon proposal of the Chairman together with the Chief Executive Officer - approved this Policy, also taking into account institutional investors' and asset managers' engagement policies adopted and disclosed to the public, as per Recommendation No. 3 of the Corporate Governance Code below:

Upon proposal of the chair in agreement with the chief executive officer, the board of directors adopts and describes in the corporate governance report a policy for managing dialogue with the generality of shareholders, taking also into account the engagement policies adopted by institutional investors and asset managers.

The chair ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders

This Policy is made available on Company's website www.avio.com, section "Corporate Governance – Shareholder Engagement Policy". Policy and dialogue management application is reported annually within the Corporate Governance and Ownership Structure Report.

The Chairman shall inform the Board of Directors, in any case, within the first suitable meeting, about the development and the significant contents of the Dialogue between Directors and Stakeholders, in line with what suggested by Recommendation no. 3 of the Corporate Governance Code.

2. Definitions

Terms	Definition
CEO	Avio's Chief Executive Officer, main representative in Company management
Directors	Members of Avio's Board of Directors
Shareholders' Meeting	Shareholders' meeting of the Company
Avio / Società	Avio S.p.a
Shareholders	Owners of the Avio's shares
Retail Shareholders	Small Shareholders, other than Institutional Investors or other professional investors, who hold shares primarily for savings purposes
CFO	Avio chief financial officer
Board or Board of Directors	Avio's Board of Directors
CG Code	The Italian Corporate Governance Code, approved by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria in December 2019 and published on January 31 st , 2020, to which the Company adhered
Committees	The committees, with preliminary, propositional and consultative functions, set up within the Board
Proxy advisor	who analyses, on professional and commercial basis, the information disclosed by the Company and, where appropriate, other information concerning the same Company in order to inform their clients who are Investors about voting decisions by providing related research, advice or voting recommendations in connection with the exercise of voting rights
Dialogue	The activity subject to this Policy, consisting of out of Shareholders' Meetings dialogue between the Board and Investors' representatives about the issues within the Board's competence, related to: corporate governance, social and environmental sustainability, policies on Directors' and managers' with strategic responsibilities remuneration and their implementation, and the internal control and risk management system
IR Function	Avio's Investor Relation Function
Group	Group of companies composed by Avio S.p.A. and companies directly or indirectly controlled by, as provided by the law
Policy	This policy about the Dialogue management
Chairman	Chairman of the Board of Directors
Board Secretary	Section of Avio's Legal and Corporate Affairs Department which supports the activities of Board of Directors, Committees and Board of Auditors.
Stakeholders	Company's Shareholders and current and potential institutional investors, as well as any other persons who keep an interest in connection with Company's shares

3. Targets

This Policy target, as well as of all the Dialogue management activities one, shall be to promote Avio's transparency towards the financial community and the markets, by building, maintaining, and developing an active relationship of trust with investors. It also aims to safeguard, always, their legitimate interests and instances, which the Board of Directors is able to take into account pursuing its role of strategic direction and monitoring of management performance, with the ultimate goal of guiding the Company towards its sustainable success, in line with the recommendations of Article 1 of the CG Code, according to which:

- I. The board of directors leads the company by pursuing its sustainable success.*
- II. The board of directors defines the strategies of the company and the group it heads in accordance with principle I and monitors its implementation.*
- III. The board of directors defines the corporate governance system that is most functional for carrying out the company's business and pursuing its strategies, taking into account the flexibility offered by the legal framework. If necessary, the board of directors evaluates and promotes the appropriate changes and submit them to the shareholders' meeting when such changes are necessarily subject to the shareholders' vote.*
- IV. The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the company, in the most appropriate way.*

To this end, Avio adopted this Policy aimed at regulating the traditional tools for carrying out the Dialogue, as well as the Dialogue between the Board of Directors and the Stakeholders on issues within the Board's competences, in line with: (i) CG Code Recommendations to which the Company adheres, (ii) institutional investors', proxy advisors' and asset managers' engagement policies adopted and (iii) international best practices.

Inter alia, this Policy aims to:

- identify and describe the ordinary channels of communication and direct and continuous informative flows between the Company, its Shareholders and other Stakeholders, managed by the relevant company functions or carried out during Shareholders' Meetings;
- promoting, among the current ordinary forms of engagement, reporting activities toward the Board of Directors about the main communication and information activities held with significant shareholders and Institutional Investors;
- identify and regulate engagement forms providing direct involvement of the members of Company's Board of Directors, with particular regard to the procedures for Dialogue activation, Dialogue scope, criteria for evaluating Dialogue requests, and internal governance processes, means of participation and internal reporting.

According to the Policy, the Company acts in line with the following general principles:

- principle of transparency of the information provided within the Dialogue, according to which information provided shall be clear, complete, correct, truthful and not misleading;
- principle of equal treatment addressing Avio's financial instruments holders;

- compliance with legal and regulatory provisions in force, as well as with internal governance rules, ensuring in any case the application of the principles of cooperation and transparency towards supervisory authorities and the relevant public administrations.

4. Means to carry out the Dialogue

Avio ensures constant interaction with Stakeholders, institutional investors, socially responsible investors, analysts and all financial market operators through dialogue means which include both ordinary communication channels and dialogue between Board of Directors and the Stakeholders, as described below.

4.1 Comprehensive and timely information communication about Avio's activities

Avio ensures a systematic, comprehensive, and timely information communication on its business, without prejudice to confidentiality requirements which certain information shall be subject to. In this perspective, information to investors, market and medias is furnished by press releases, financial releases, periodic meetings with institutional investors, analysts and more generally with the financial community and the press, as well as financial statements, presentations used during the meetings with financial analysts and investors and - more generally - by the extensive documentation and numerous publications made available and constantly updated on the Company's website.

The information regarding reports, events and / or significant transactions, as well as the procedures issued by Avio about corporate governance, are promptly communicated to the public also by publication on the Company's website - where can be consulted also notices to shareholders - and information and documentation about items on shareholders' meetings agenda, including related minutes.

4.2 Digital Communication

Avio promotes digital communication as an efficient and privileged mean for sharing corporate, financial and corporate information. The Company's website - available in English and Italian - is updated regularly.

4.3 Presentation of financial information

With the aim of providing a full and detailed representation of financial information, Avio's top management presents the company results (quarterly, half-yearly and annually) to the market through conference calls and dedicated presentations. The annual and consolidated financial statements are published annually, and the consolidated financial statements are published every six months.

The IR Function coordinates and promotes the Dialogue between Avio's top management and shareholders through meetings, presentations, investor days, attendance at conferences, roadshows, conference calls or virtual meetings in which one or more Company's Directors may also take part, with the support of the relevant corporate functions.

4.4 Shareholders' Meeting

The shareholders' meeting represents the institutional moment allowing a privileged meeting between the top management of Avio and the shareholders.

The answers to the questions asked by the shareholders are provided by the Chairman or by the Chief Executive Officer, if necessary, with the support of Company's top management participating at the meeting.

4.5 Dialogue with the Board of Directors

The Board of Directors is involved in forms of direct dialogue with Stakeholders, to be carried out in compliance with the provisions of sections 7 to 11 and principles set in section 12.

5. Actors involved in the Dialogue

The main actors responsible for the approval and implementation of the Policy within Avio are (according to their respective competences, established in this document in accordance with the recommendations of the CG Code):

- a) Board of Directors;
- b) Chief Executive Officer;
- c) Chairman;
- d) IR Function;
- e) Board Secretary.

In particolare:

- A. The **Board of Directors** undertakes a role of direction, supervision and monitoring the application of this Policy and, in general, the ongoing progress of the Dialogue.
- B. The **Chief Executive Officer**, supported by CFO and IR Function, shall ensure the dialogue and the application of this Policy. *Inter alia*:
 - a. Supported by CFO and IR Function, the Chief Executive Officer shall be competent for matters included within his management powers, and more generally, related to business, *financials* and sustainability;
 - b. Supported by CFO, Board Secretary and IR Function, the Chief Executive Officer shall evaluate, according to this Policy, the possible involvement of one or more Directors who have the most suitable knowledge and skills to provide information in relation to the matters covered by the Dialogue. In any case, the engagement meeting takes place in presence of the Chief Executive Officer according to section 11.2 below;
 - c. Once heard Chairman's opinion, the Chief Executive Officer may assign to the Board of Directors the assessment about the existence of a Company's interest in establishing a Dialogue with one or more Stakeholders.
- C. The **Chairman**, supported by the Board Secretary:
 - a. Shall be entitled of issues related to corporate governance and sustainability;
 - b. Shall ensure that the Board of Directors is informed, within the first suitable meeting, on the development and significant contents about the dialogue with Stakeholders, inviting the Chief Executive Officer to report engagement activities results in connection with matters which fall under his scope of competence.
- D. The **CFO**, coordinating with IR Function, shall support the Chief Executive Officer (and other Directors eventually involved) in matters about business and financials.
- E. The **IR Function** shall interact on an ongoing basis with Institutional Investors, financial analysts and Stakeholders.
- F. The **Board Secretary**, coordinating with IR Function, in addition to responsibilities provided for under this Policy, shall support the Chairman and the Chief Executive Officer (and any other Director eventually involved), *inter alia* in matters related to corporate governance and sustainability.

Other Directors shall not interact with the shareholders. They may be involved in the dialogue only: (i) upon the decision of the Chief Executive Officer and the Chairman of the Board of Directors; (ii) upon competence attributed within the Board of Directors.

6. Topics involved in the Dialogue

6.1 Topics which may be involved in the Dialogue can be related to:

- a. the management performance, the financial statements and periodic financial results;
- b. the corporate strategies;
- c. the dividend policy;
- d. buy-back programmes;
- e. the performance of the shares and/or of other financial instruments issued by the Company
- f. the transactions announced or implemented by the Company and its subsidiaries of significant strategic, economic, capital or financial importance;
- g. the competitive and regulatory environment;
- h. the corporate governance system and ownership structure;
- i. the appointment and composition of corporate bodies (including Committees), with regard also to their size, professionalism, integrity, independence and/or diversity;
- j. environmental, social, sustainability issues and value creation in the long term;
- k. the remuneration policy for directors and executives with strategic responsibilities;
- l. transparency and corporate disclosure to the market;
- m. the internal control and risk management system, including with regard to financial reporting and risk definition and assessment compatibly with strategic targets of the Company and the Group;
- n. transactions announced or implemented with related parties;
- o. extraordinary and/or particularly significant events occurred that may significantly affect Avio's prospects and/or reputation.

6.2 The dialogue management aspects related to the Shareholders' meeting are not included in the scope of application of this Policy, as they are governed by laws, regulations and the Articles of Association. In this regard, by way of example, the activities in connection with the presentation of pre-meeting questions, the interventions of the shareholders at the Shareholders' Meeting, the presentation of lists of candidates for corporate bodies' appointment, the requests for integration of the meeting agenda and assistance to shareholders to ensure their participation in the Shareholders' Meetings shall be excluded from the scope of application of this Policy.

6.3 On the other hand, the scope of this Policy shall include various contact activities related Shareholders' Meetings or the related preliminary phase, such as the request for specific clarifications regarding topics on the agenda of the Shareholders' Meeting, which fall out of the scope of ordinary processes regulated by regulations in force about shareholders' meetings of listed companies.

7. Dialogue Mode

Dialogue may be issued with:

- (i) **one-way** mode, i.e. provided that only Stakeholders may present their point of view on specific issues to the Company, or (ii) **two-ways** mode, i.e. providing for an effective exchange of information between the Stakeholders and the Directors involved; And
- (i) **bilateral** form, i.e. with the attendance of only one of the Stakeholders, or (ii) **collective form**, i.e. with simultaneous attendance of several Stakeholders.

8. Initiation of the Dialogue

8.1 The Dialogue between the Stakeholders and the Board of Directors may take place in the manner provided for in this Policy and may be initiated:

- a. **upon written request by a Stakeholder** if the latter – notwithstanding the information published on the Company Website or the Dialogue held by the relevant functions, according to the procedures set out in section 4 above – deems it necessary to initiate Dialogue with the Board of Directors. The request must be addressed to the IR Function through the e-mail address investor.relations@avio.com.

The request must specify at least the following:

- the proposed topics to be addressed in the Dialogue and a brief introduction of any opinion/position with respect to the proposed topic,
 - the reasons why the Stakeholder wishes to start a Dialogue with the Board of Directors;
 - other engagement activities in which the Stakeholder took part;
 - the ways in which the Stakeholder wishes to conduct the Dialogue (one-way, two-way, bilateral Form or collective form), according to section 7;
 - if not a natural person, the representatives of the Stakeholder intending to participate to the Dialogue, along with their respective roles within the Stakeholder’s organisation and the respective contact details;
 - the indicative timeline for the Dialogue;
- b. **at the Company’s initiative**, through one-way or two-way meetings held in collective or bilateral Form, with one or more Stakeholders, to which one or more Directors and/or managers of the Company may also take part, in the cases and through the means established herein, with the support of the relevant corporate functions. Requests for Dialogue initiated by the Company shall be forwarded by the IR Function, in coordination with the Board Secretary, to the relevant structures of the Stakeholder receiving the request.

8.2 The Investor Relator, in coordination with the Board Secretary, shall monitor the requests for Dialogue received from Stakeholders. The Secretary shall ensure a timely flow of information to the Chairman and the Chief Executive Officer.

8.3 Should a Director receive a request for a meeting or for information from Stakeholders, he/she shall promptly inform the Board Secretary and the IR Function, who shall inform the Chief Executive Officer and the Chairman, to ensure the application of this Policy.

8.4 The Chairman and the Chief Executive Officer, with the support of the Board Secretary and the IR Function, shall be responsible for selecting the Directors to be involved in the Dialogue.

8.5 The IR Function and the Board Secretary shall prepare a written summary for each Dialogue. The Board Secretary shall provide the Chairman with adequate and timely reports so that the Chairman can inform the Board of Directors of the development and the significant content of each Dialogue within the first suitable

meeting. For this purpose, the Chairman shall coordinate with the Chief Executive Officer, the IR Function and the Board Secretary.

9. Evaluation Criteria

To decide whether to accept or reject a Dialogue request, or whether to initiate a Dialogue, and to determine the form of the Dialogue, the Chief Executive Officer, supported by IR Function and eventually by the other relevant corporate functions, included Board Secretary, shall make a case-by-case assessment based on the Company's best interest, taking into account also the following factors (but not limited to):

- the compliance with any relevant statutory, regulatory and/or self-regulatory limitations;
- the correspondence of the topics to the matters indicated in section 6, the seriousness of the request and the significance of the topics;
- previous engagement, in any other form, on the same topics;
- the potential interest of the topic for a large number of Stakeholders, for relevant types of Stakeholders and/or for the market, if any taking into account the number of received requests on the same topic;
- the actual relevance of the Dialogue request and its foreseeable usefulness, including in view of the long-term value creation, also taking into account past Dialogue experiences;
- the conduct of the Stakeholder requesting the Dialogue during previous interactions with the Company, including previous general meeting votes, Dialogue opportunities and/or other corporate events;
- the size, characteristics and type of the Stakeholder requesting or receiving the Dialogue and the nature and strategy of its investment;
- the expected approach of the requesting Stakeholder with respect to the matters covered by the Dialogue request, also taking into account the engagement policies adopted by institutional investors and asset managers with particular regard to investment and corporate governance; and
- the characteristics of the positions previously expressed and/or of the activism initiatives implemented by the Stakeholder vis-à-vis the Company or other issuers, including the type and content of the forms of activism previously implemented, as well as any situations of (even potential) conflicts of interest;

10. Acceptance or rejection of the Dialogue request

The Chief Executive Officer – with the support of the IR Function and, eventually, any other relevant corporate functions, included Board Secretary – shall assess whether:

- a. **To accept a Dialogue request** relying on the criteria set out in section 9 above, initiate the Dialogue, carrying out any subsequent activities deemed necessary or appropriate, or
- b. **to accept a Dialogue request** but, relying on the criteria set out in section 9, determine that the Dialogue shall be conducted in an alternative manner compared to the one requested by the Stakeholder, or
- c. **to reject a Dialogue request**, taking into account the Company's best interest and relying on the evaluation criteria set out in section 6.2.1 above and/or any other relevant circumstances, including cases where the Dialogue request relates to Sensitive Information and/or where the Dialogue must be held in two-way mode during a black-out period set out by the Company's internal rules and/or by the Law.

Should a Dialogue request be rejected, the Appointed Director shall ensure – with the support of the Investor Relator and the Secretary – that the Stakeholder is promptly notified.

The IR Function, with the support of the Board Secretary, keeps track of the reasons for the rejection of Dialogue, in order to allow adequate information to the Board of Directors

11. Method of conducting the Dialogue

11.1 Should a dialogue request be accepted, or a Dialogue initiated, the Chief Executive Officer, supported by IR Function and Board Secretary:

- a.** shall determine the specific procedures of conducting the Dialogue (one-way or two-way mode, bilateral or collective form) and, eventually, conditions apposed to the engagement and the related timing. In this regard, and without prejudice to the case-by-case assessments, it is generally considered preferable to proceed with one-way engagement in the following cases:
 - when the Stakeholders intend to represent to the issuers their vision on strategic transactions or relevant issues still being evaluated by the management body;
 - when the Directors intend to listen to the opinion of the Stakeholders, reserving themselves the right to define methods and timing for responses (for example, because the Company is about to adopt a decision for the purposes of which it may be appropriate to better understand Stakeholders' opinions or in the case of potential discussion of sensitive or confidential information);
 - during blackout periods, as identified pursuant to the "Internal Dealing Procedure" adopted by the Company and published on the Website in the "Governance - Internal Dealing" section.

In addition, during the aforementioned blackout periods, engagement activities involving issues potentially connected or related to periodic information of a financial nature or, in any case, to management performance shall not be – normally - carried out.

- b.** shall ensure that the meetings with the Stakeholders are well prepared, coordinating the flow of information and the collection of the information by the relevant corporate function for the participation in two-way meetings;
- c.** may take appropriate measures to ensure the confidentiality of Sensitive Information (e.g., by requiring the Stakeholders to undertake confidentiality commitments prior to starting the Dialogue);
- d.** basing on how the meeting is conducted, the topics to be discussed and/ or the requests received from the Stakeholders, may invite the Chairman, other Directors and managers who have appropriate knowledge and skills to provide information most relevant to the Dialogue.

11.2 Without prejudice of the following:

- a.** the Chief Executive Officer, as a rule, shall be entitled to discuss with the Stakeholders, providing any appropriate clarification with regard to business issues (by way of example: managerial, strategic, financial, long-term value creation, as well as internal control and risk management) and sustainability;
- b.** the Chairman, as a rule, shall be entitled to discuss with the Stakeholders, providing any appropriate clarification with regard to corporate governance and sustainability issues;

11.3 The Chief Executive Officer shall be responsible for managing the meetings. The meetings may be attended by other Directors possibly involved by the Chief Executive Officer, the CFO, the IR Function, as well as the Heads of the relevant corporate functions.

11.4 The technical and organizational details of the meetings are handled by the IR Function. Engagement compliance with respect to current regulatory provisions or company regulations and procedures shall be examined by the Board Secretary.

12. Information Provided and Internal Reporting

12.1 The information provided to the Stakeholders shall comply with the principles and limitations provided by Law, including with regard to the prohibition of selective disclosure of Sensitive Information and the equal treatment of holders of listed financial instruments pursuant to Article 92 of the CLF as well as, in general, the regulations concerning the prevention of market abuse and the dissemination of inside information.

L'informativa resa ai Soggetti Interessati è rispettosa dei principi stabiliti e dei limiti posti dalla Legge, anche con riferimento ai divieti di comunicazione selettiva di Informazioni Sensibili e alla parità di trattamento dei portatori di strumenti finanziari quotati di cui all'articolo 92 del TUF nonché, in generale, alla normativa in materia di prevenzione degli abusi di mercato e di diffusione di informazioni privilegiate.

Stakeholders shall be responsible for any use of the information received from the Company which constitutes a violation of a legal obligation or may harm Company, Group or third parties' interests.

12.2 The information provided by the Company shall be proportionate and adequate to the Stakeholder's request, and strictly related to the matters for which the Stakeholder has requested the Dialogue, taking into account also the interests of the Group and the limitations set out in section 11.1 above. The information shall also be correct and consistent with the information already made public by the Company.

12.3 During the meetings, only issues that have been previously anticipated and agreed between the Company and the Stakeholders shall be addressed. Should issues or questions other than those anticipated and agreed come out, the representatives of the Company may decide to suspend the meeting, in order to carry out the necessary or appropriate activities, including eventually the extension to other functions involved, or, in light of the evaluation criteria referred to in section 7, to terminate it.

12.4 The Directors invited to participate in the engagement meetings ensure compliance with the general principle of the absence of a binding mandate with respect to those who presented their candidacy and / or voted on their appointment. In any case, for the purposes of applying this procedure, the Directors involved in the Dialogue and the managers participating in the meetings refrain from disclosing information of a significant, privileged or otherwise confidential nature about the Company or the Group, in compliance with applicable legislation.

12.5 The IR Function or the Board Secretary, each for the meetings that require their respective involvement, and, in any case, coordinating themselves with each other, supported also by the heads of the relevant corporate functions attending, shall prepare summary reports about the engagement meetings pointing out the participants, the issues raised, the answers provided and any proposals and / or initiatives advanced.

12.4 In line with the provisions of section 5 lett. c) ii), the Chairman informs the Board of Directors on the development and significant contents of the engagement activities carried out as well as on any new requests received, also on the basis of the reports referred to in section 12.5 above.

13. Responsibility for Updating the Policy

The Board shall review this Policy in the event of any changes regarding the applicable law and regulations, the financial market good practices - both domestic and international - as well as the evolution of the Company and the Group structure. The Policy will also be subject to review if occurred events and changes (internal or external to the Group) make it necessary, appropriate or, in any case, desirable.