FIDEURAM ASSET MANAGEMENT IRELAND

Remuneration and Incentive Policies

June 2021

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Document Control

Version n.	Issue date	Issued by	Amendment (whole/partial)
1	October 2016	HR, Risks & Compliance Desk	Whole
2	October 2017	HR, Risks & Compliance Desk	Partial (Annual Review)
3	November 2018	HR, Risks & Compliance Desk	Partial (Annual review)
4	September 2019	HR, Risks & Compliance Desk	Partial (Annual review)
5	July 2020	HR, Compliance Desk, Risk Management	Partial (Annual review)
6	June 2021	HR, Compliance Desk, Risk Management	Partial (Annual review)

1 Introduction

This "Remuneration and Incentive Policy of Fideuram Asset Management (Ireland) S.p.A" (hereinafter also the "Policy") has been designed on the basis of the Intesa Sanpaolo Group's Remuneration and Incentive Policy (hereinafter also the "Group Policy") and is in compliance with European and national regulations in the Asset Management industry, as regards those aspects that are not in conflict with, not governed by or more restrictive than such regulations.

The Policy gathers in a systematic and structured way the principles that underpin the remuneration and incentive system for all staff of Fideuram Asset Management (Ireland) Designated Activity Company (hereinafter the "Company" or "FAMI"), the roles and responsibilities of the bodies and structures responsible for its elaboration, approval and implementation. The remuneration and incentive system of the Company is updated at least annually.

The "Remuneration and Incentive Policy of Fideuram Asset Management (Ireland)" is divided into three sections:

- "Section A: Procedures for adopting and implementing the Remuneration and Incentive Policy" which show the roles and responsibilities of the corporate bodies and functions involved in the process of defining the Company's Remuneration and Incentive Policy;
- "SectionB: Remuneration and incentive principles, systems and tools", which details the remuneration and incentive systems of the Company;
- "Section III: Criteria for the identification of personnel with a material impact on the risk profile of the asset management Company, the UCITs and the portfolio management companies of FAMI, which describes the principles and criteria used to identify the Company's risk takers.

Additionally, the annex "*Incentive System for the Portfolio Managers of Fideuram Asset Management Ireland Dac"* describes the rules regulating the incentive system for Portfolio Managers of the Company and constitutes an integral part of the Policy.

2 Regulatory framework

For the purposes of this document, the set of rules in force within the Intesa Sanpaolo Group (hereinafter also the "Group" or the "ISP Group") shall apply with specific reference to:

- "Guidelines regarding the remuneration, incentives and identification of risk takers in the Intesa Sanpaolo Group" which define the roles and responsibilities of the Bodies and structures involved in the processes of elaboration, approval and application of the Group's and individual Group Companies' Policy, designing and implementation of specific incentive initiative, as well as identification and updating of the ISP Group Risk Takers list;
- "2021 Remuneration Discipline" of the Intesa Sanpaolo Group which describe (i) the Remuneration and Incentive Policy which defines the principles of the Group's remuneration and incentive system, (ii) the Implementing Provisions which govern the application criteria and

the most important operating mechanisms regarding the structure of the remuneration and incentive system and (iii) the Rules for identifying Risk Takers;

- "Report on the remuneration policy and the remuneration paid" of the Intesa Sanpaolo Group S.p.A., submitted to the approval of the Shareholders' Meeting, which contains the ISP Group's Remuneration and Incentive Policy for 2021 (prepared in line with the afore-mentioned Guidelines) and the procedures used for their adoption and implementation.

For anything that is not regulated, not in conflict with or more restrictive than the banking sector regulation (Directive 2013/36/EU of 26 June 2013, recently amended by Directive (EU) 2019/878, the so-called "CRD V" and Bank of Italy Circular no. 285 of 17 December 2013 and subsequent updates), in compliance with which the Group regulations referred to above were defined, the regulatory framework of the asset management sector shall apply.
With reference to sector regulations, the Policy is prepared in compliance with:

- the UCITS V Directive (2014/91/EU) that was transposed into Irish law on 21 March 2016 pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 – S.I. No. 143 of 2016;
- Guidelines on Sound Remuneration policies (hereinafter the "ESMA Guidelines") issued by the Securities and Market Authority (hereinafter "ESMA"), under the UCITS Directive and AIFMD on 31 March 2016 which take effect from 1 January 2017. The provisions of the ESMA Guidelines have been considered and are referenced where applicable in this Remuneration Policies.

This Policy also takes into account the provisions of Regulation (EU) 2019/2088 of 27 November 2019, which became effective from March 2021, on sustainability-related disclosures in the financial services sector (Sustainability-Related Disclosures Regulation - SFDR).

Based on the Irish laws and regulations[1], considering in particular the extent of the net assets managed, the Company qualifies as a "not significant asset management company.

Section A - Procedures for Adopting and Implementing the Remuneration and Incentive Policy

3 Roles, Responsibilities and Governance of the Remuneration Policies

In order to ensure that the remuneration and incentives systems are consistent with sound and prudent management of FAMI and respect the interests of all stakeholders, based on principles of fairness, sustainability and competitiveness, the Company has defined the roles and responsibilities of the Corporate Bodies and corporate functions involved in the process of defining the Remuneration and Incentive policies.

Specifically, those roles and responsibilities are defined in line with the ISP Group Regulations, as well as "FAMI Guidelines on remuneration, incentives and identification of staff that have a material impact on the risk profile of the Company" (hereinafter "the Company Guidelines") approved by the Board of Directors in 2020, and in compliance with the Local and European Regulations listed under previous paragraph.

3.1 Resolutions of Shareholders

- approves:
  - a limit on the ratio between the variable and fixed components of remuneration paid to individual employees set at more than 100%;
  - plans based on financial instruments;
  - the criteria for defining the remuneration to be recognized in view of or upon the early termination of the employment relationship (so-called "Severance"), including its maximum limit in terms of annual fixed remuneration and maximum amount;
- approves the compensation payable (fee) to the Members of the Board of Directors;
- is informed at least annually about how the Remuneration and incentive Policies have been implemented (so-called ex post report). Specifically, the information reported in the ex post report shall be disaggregated by Rules and Functions;
- is informed about the reports prepared by the Internal Audit Function at the end of any audit about the compliance and the correct implementation of the remuneration procedures and, if any, the corrective measures to be adopted.

3.2 The Board of Directors

The Board is constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.
The Board of Directors, with the support of the Remuneration Committee, is responsible for:

- approving and amending the Policies, taking into account the long-term interests of shareholders, investors and other stakeholders in the Company. The Policies includes also the Criteria for the identification of personnel with a material impact on the risk profile of the Company (so called "Risk Takers");
- approving at the list of personnel with a material impact on the risk profile of the Company containing also indication of those who are also ISP Group Risk Takers;
- overseeing the remuneration of the senior staff responsible for heading the Control Functions;
- approving the compensation payable (fee) to the Members of the Board of Directors with specific roles (eg. the Chairman) and members of committees established within the Board;

- approving the fixed pay levels for the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and for the Heads of Control Functions;
- with regard to the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and the Heads of Control Functions, approving and reviewing the assignment of the KPIs and targets of the performance scorecards, the assessment of the level of achievement against performance targets and the amount of the bonus to be paid;
- submitting to the Resolution of the Shareholders the proposal of:
    - a limit on the ratio between the variable and fixed components of remuneration paid to individual employees set at more than 100%;
    - plans based on financial instruments;
    - the criteria for defining the remuneration to be recognized in view of or upon the early termination of the employment relationship (so-called "Severance"), including its maximum limit in terms of annual fixed remuneration and maximum amount;
- approving and submitting to the Resolutions of the Shareholdersat least annually the ex post report. Specifically, the information reported in the ex post report shall be disaggregated by Roles and Functions;
- approving the funds basket to be used to pay part of the variable compensation;
- being informed, at least on an annual basis, about the funding of the bonus pool at Company level.

3.3 The Remuneration Committee

The Company decided to entrust the Remuneration Committee (hereinafter "the Committee") with the advisory and consulting functions aimed to support the Board of Directors in all activities relating to remuneration, defined in accordance with the principles set out in the ESMA Guidelines on sound remuneration policies (ESMA 232/2013 and 411/2016). The Remuneration Committee is composed of non-executive members, the majority of whom are independent, including the Chairman. External advisors can participate in the meetings of the Committee in relation to specific issues.

The role of the Committee includes the following tasks:

- conducting a preliminary analysis on the remuneration and incentive policies for employees and collaborators;
- monitoring the correct application of the rules on the remuneration of the internal control functions;
- evaluating the mechanisms adopted to ensure that the system of remuneration and incentive takes into account the risks, liquidity levels and assets under management and is aligned with

the business strategy, objectives, values preparing the proposals to be submitted to the Board of Directors and to the competent structures of the Parent Company;

- supporting the Board of Directors in the Risk Takers identification;
- providing an opinion on the compensation payable (fee) to the Members of the Board of Directors with specific roles (eg. the Chairman) and members of committees established within the Board;
- providing an opinion on the definition of the fixed remuneration pay level for the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and for the Heads of Control Functions taking into account the indications received from the competent structures of the Parent Company;
- with regard to the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and the Heads of Control Functions, providing an opinion on the assignment of the KPIs and targets of the performance scorecards, the assessment of the level of achievement against performance targets and the amount of the bonus to be paid taking into account the indications received from the competent structures of the Parent Company;
- providing an opinion on the funds basket to be used to pay part of the variable compensation.

To carry out effectively and responsibly its own duties, the Committee has the access to the Company information significant for this purpose.

3.4 Risk Management

The Risk Management Desk takes part in the process of definition of the asset management Company remuneration policies (that include also the Criteria for the identification of personnel with a material impact on the risk profile of the asset management Company, the UCITs and the portfolio management companies of FAMI), assessing the alignment of the remuneration structure with the risk profile of the Company. In particular, it provides a written opinion regarding the following aspects:

- the identification of the "Legal Entity Risk Takers";
- the definition of the performance system and the use of indicators (risk adjusted) to consider the risks assumed;
- the alignment of the variable remuneration related to the annual incentive system in respect to the risk's level of the Company and of the funds managed;
- the identification of funds basket to be used to pay part of the variable compensation in line with the current remuneration Policies provisions.

The Risk Management Desk participates, when appropriate, in the Remuneration Committee's meetings for the issues under its area of responsibility.

The Risk Management function involves, through the Chief Risk Officer of Fideuram, the Area of Government Chief Risk Officer of the Parent Company in order to verify the consistency of the policies and incentive systems specific to FAMI with Fideuram Group and ISP Group propensity to risk.

3.5 Compliance

The Compliance Desk examines that the Remuneration and Incentive Policies, that includes also the Criteria for the identification of personnel with a material impact on the risk profile of the Company, are consistent with the objectives of compliance, with the rules of the Articles of Association and with the Code of Ethics or other standards of conduct applicable to the Asset Management Company or to the Group, in order to avoid legal and reputational risk-taking inherent with the relationships with investors.

In line with the purposes described above, it provides a written opinion taking into account remarks made by the Parent Company functions with reference to:

- the list of "Legal Entity Risk Takers";
- the compliance of FAMI Remuneration and Incentive Policies;
- the remuneration structure, with particular attention to: i) the balance between fixed and variable component, ii) the procedures for payment of the variable component for the different categories of personnel and the application of the adjustment mechanisms to the ex-post risk, iii) the overall compliance with the ex-ante risk adjusted mechanisms.

Moreover, the Compliance function involves the corresponding function of the Parent Company in order to verify the consistency of the Company's specific Policies and incentive systems with respect to those of Fideuram Group, and, through the same, the ISP Chief Compliance Officer Governance to verify compliance with the relevant legislation for Intesa Sanpaolo Group.

3.6 Human Resources

The Human Resources Department:

- draws up FAMI Remuneration and Incentive Policies that include also the Criteria for the identification of personnel with a material impact on the risk profile of the asset management Company, the UCITs and the portfolio management companies of FAMI and ensues its full implementation. In this process, it involves the individual corporate functions insofar as their competences and it is supported by the Resources, Organization and Change Management of Fideuram, which coordinates the process of defining and managing the Remuneration Policies, in accordance with the Group guidelines;
- identifies (and periodically reviewing) the Legal Entity Risk Takers list and submits it to the Board of Directors, after sharing it with the Parent Company's Development Policies and Learning Academy Head Office Department and the verification of the Compliance Function;

- proposes to the Remuneration Committee and to the Board of Director the fixed remuneration pay levels for the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and for the Heads of Control Functions for a subsequent approval by the Board;
- with regard to the Managing Director, the Heads of the main business areas and corporate functions, those who report directly to the Managing Director and the Heads of Control Functions, proposes to the Remuneration Committee and to the Board of Director the assignment of the KPIs and targets of the performance scorecards, the assessment of the level of achievement against performance targets and the amount of the bonus to be paid for a subsequent approval by the Board;
- proposes to the Remuneration Committee and to the Board of Director and monitors the incentive systems for the Company's employees;
- informs the Remuneration Committee and the Board of Directors, at least on an annual basis, about the funding of the bonus pool at Company level for acknowledgement by the Board.

3.7 Internal Audit Function

The Internal Audit function is outsourced to the ultimate Parent Company Intesa Sanpaolo (hereinafter also "ISP"). The Internal Audit function of ISP conducts an annual audit to check that the remuneration practices are consistent with the approved policies and are in line with the legislation in this area and it also checks the correct implementation of the process for identifying Legal Entity Risk Takers.
Any discrepancies found during the audit are brought to the attention of the Governing Bodies and the functions responsible for adopting any corrective actions required, which assesses the significance of such discrepancies in order to promptly notify the competent Supervisory Authorities.
It delivers an annual report to the Company's Board of Directors, containing the results of the audits carried out.

3.8 Other Desks

The Head of HR, Business Support and Operations Department supports the Human Resources Desk in establishing the criteria for the identification of the "Risk Takers at Company level", to support the deployment of the remuneration criteria, in the context of the Remuneration Policies, considering the possibility to impact on the Company and Funds risk profile.
The Finance Desk supports the Human Resources Desk in the proposal of economic - financial goals to be included in the performance measures of the "Legal Entity Risk Takers " of the Company.

4 Compensation of Board of Directors' Members

The compensation payable to the Members of the Board of Directors, is defined by Intesa Sanpaolo as the controlling shareholder and as the entity that exercises a management and coordination role under the terms of the relevant civil law and banking regulations.

The remuneration policy for the Members of the Board of Directors is therefore in line with the following principles, applied uniformly across the Group, in compliance with the regulatory framework of the different countries in which Intesa Sanpaolo operates through its subsidiaries:

- The remuneration paid to the Members of the Board of Directors is commensurate with their tasks and responsibilities. Directors' remuneration is specifically determined with the aim of achieving uniformity and standardisation in line with Group Standards, taking into consideration the size of the balance sheet, the income statement and the organisational complexity of the Company, as well as other aspects of an objective and qualitative nature represented by the nature of the activity carried on by the Company and its operational risk profile. Similar criteria are also used to set the remuneration for Directors entrusted with specific tasks pursuant to article 2389 of the Italian civil code and similar provisions in foreign legislation;
- as a general rule, there are no provisions for variable components in the remuneration package, nor incentivising bonuses linked to results, nor profit sharing clauses or share subscription rights at a predetermined price. Any exceptions to this principle may only occur through justified dispensations, in compliance with any relevant regulations in force;
- in general, there are no differences in Directors' remuneration whether they are Group employees, freelance professionals, self-employed, etc. The emoluments of the Group employees appointed as Directors of subsidiaries are paid to the Company that maintains the employment relationship, unless otherwise agreed with the relevant Group HR function.

Board of Directors' Members are entitled to be reimbursed for the expenses incurred in the performance of their role.

5 Fideuram Asset Management Ireland Remuneration and Incentive Policies

In compliance with the Group Remuneration and Incentive Policies, the present chapter describes Principles, remuneration and Incentive Systems and Instruments (Section B) and the Criteria for the identification of personnel with a material impact on the risk profile of the asset management Company, the UCITs and the portfolio management companies of FAMI (SectionC); the mentioned Sections, jointly, represent Fideuram Asset Management Ireland overall Remuneration and Incentive Policies.

Section B - Remuneration and incentive principles, systems and instruments

This Section describes the remuneration and incentive principles, systems and instruments defined for 2021 and addressed to the staff of the Company.

5.1 Purposes and principles of the remuneration and incentive Policies

FAMI Remuneration and Incentive Policies aim to align the management's and personnel's behaviour with the interests of all Stakeholders, guiding their action towards the achievement of sustainable medium-long term objectives within the framework of a prudent assumption of current and prospective risks, as well as to contribute to making FAMI an “Employer of choice” for its ability to attract, motivate and retain top resources.

In line with the principles adopted by Intesa Sanpaolo Group, the Remuneration and Incentive Policies of the Company are inspired by the following principles:

STAKEHOLDERS' INTEREST

Alignment of management and personnel conduct with the interests of all **Stakeholders**, with a focus on value creation for **Shareholders**, as well as on the social impact generated on the **Communities**

CORRELATION BETWEEN REMUNERATION AND RISK TAKING

- direction of management and personnel conduct towards the achievement of objectives within a **framework of rules** aimed at controlling corporate risks
- remuneration systems aligned with prudent **financial and non-financial risk** management policies (including legal and reputational risks), in line with what is defined in the Group Risk Appetite Framework
- definition of a sufficiently high fixed component to allow the variable portion to reduce significantly, even down to zero, upon occurrence of specific conditions

ALIGNMENT WUTH MEDIUM AND LONG-TERM OBJECTIVES in accordance with Group Risk Tolerance

- definition of a set of Incentive Systems in order to drive performance over a **multi-year accrual** period and to share the medium-long term results consequent to the implementation of the Business Plan

MERIT

- **remuneration flexibility**: bonuses are linked to the results achieved and the risks undertaken
- **competitiveness**: focus on key staff members with high managerial skills, to whom competitive salary brackets, compared with the reference market, are reserved
- best performers' **recognition** through above-average bonuses

EQUITY

- **correlation** between fixed remuneration and the level of responsibility, measured through the Global Banding System or the seniority/professional role
- **differentiation** of salary brackets and the ratio of the variable component to the total remuneration according to the relevant professional category and/or geographical market, with the Banding bracket or the seniority/professional role being equal

GENDER NEUTRALITY

- **recognition of an equal level of remuneration**, for the same activities carried out, regardless of gender
- attention to the **gender pay-gap** and its **evolution over time**

SUSTAINABILITY: expenses reduction deriving from application of the policies to values compatible with the available economic and financial means

- selective reviews of fixed remuneration based on strict **market benchmarks**
- mechanisms to **adjust allocations** to the total incentive provisions according to the profitability and the results achieved by the Group
- **appropriate caps** on both total incentives and the amount of individual bonuses

REGULATORY COMPLIANCE

- compliance with **legislative and regulatory provisions, with codes of conduct and other self-regulation provisions** with focus on the Group Risk Takers (and among these, on Key Managers, so-called Top Risk Takers), on Legal Entity Risk Takers and on the Corporate Control Functions
- **fairness in customer relations**

Focus: Gender neutrality

FAMI pays great attention to “Diversity & Inclusion” issues and undertakes to implement and disseminate a policy aimed at the inclusion of all forms of diversity, both inside and outside the Company. In this regard, in line with what was established during 2020 by the ISP Group, the Company implemented the “Diversity & Inclusion Principles” pursuant to which specific commitments were undertaken to guarantee gender equality in HR processes and in human resource management. Compliance with these commitments is monitored periodically including for the purpose of implementing corrective measures.

In line with the ISP Group’s provisions, the Company adopts a gender-neutral Remuneration and Incentive Policy, which contributes towards achieving complete equality of personnel. It ensures that personnel have the same level of remuneration for the same work, including insofar as the conditions for payment and recognition.

In particular, the Company ensures that the definition of remuneration and incentive systems and the adoption of decisions regarding remuneration are not influenced by gender (or any other forms of diversity such as affective-sexual orientation, marital status and family situation, age, ethnicity, religious beliefs, political membership and trade union membership, socio-economic condition, nationality, language, cultural background, physical and mental conditions or any other characteristic of the person including those linked to the expression of his/her own thoughts) but are based on professional merit and skills and inspired by the principles of fairness.

To apply a gender-neutral Policy and assess its efficacy, the Company adopts:

- systems for measuring organisational positions that acknowledge the responsibilities and complexities managed by the various roles.
  In particular, for the management the Company has adopted the Global Banding System (see “Focus Global Banding System” below) that is based on the grouping in homogeneous categories of managerial positions with similar levels of complexity and responsibilities, measured using the IPE (International Position Evaluation) methodology.
  On the other hand, the professional cluster is segmented based on seniority, i.e. the degree of work complexity that characterises the activities monitored (5 levels have been identified, the highest of which corresponds to the role of Coordinator);
- for the management, market remuneration references associated to each Global Banding bracket and differentiated according to the professional category and geographical area. Regarding the professional cluster at senior levels, annual market

Focus: Gender neutrality

references are associated on the basis of their professional category and geographical area;

- incentive/reward systems linked to objective parameters that allow merit and performance to be recognised.

5.2 Personnel segmentation

The Policies are based on personnel segmentation logics that allow the principles of merit and fairness to be defined operationally in order to differentiate the total remuneration in an appropriate manner, as well as to provide for specific mechanisms for its payment for the different clusters of personnel, with particular focus on those with regulatory relevance for which more stringent requirements are envisaged.

In application of these logics, the following macro segments are identified:

- **Risk Takers;**
- **Middle Management**[2]**;**
- **Professionals.**

[2] All the Heads of Organisational Units not already included in the Risk Taker cluster are considered.

Focus: Risk Takers

As asset management company, FAMI identifies the personnel whose professional activities have a material impact on the institution's risk profile (so-called "Company Risk Takers") based on the provisions of "Undertakings for Collective Investment in Transferable Securities" (Amendment) Regulations 2016 – S.I. No. 143 of 2016, stated in Section B, which form an integral part of the remuneration Policies.

In particular, the Legal Entity Risk Takers segment consists of:

- *i. Executive and non-executive members of the Board of Directors, including the Managing Director;*
- *ii. Members of Senior Management who report directly to the Managing Director:*
- *iii. Heads of corporate control functions;*
- *iv. Employees that individually or collectively assume significant risks for the Company, for UCITS and for the assets managed;*
- *v. personnel whose total remuneration is in the same wage ranges as sub categories ii) and iv) if their activities have or could have a significant impact on the risk profile of the manager or of the UCITS and managed AIFs.*

Furthermore, as a Company belonging to a banking group, among the Company Risk Takers, those who have a significant impact on the risk profile of the Intesa Sanpaolo Group (so-called "**Intesa Sanpaolo Group Risk Takers**") are also identified in application of the provisions by the Delegated Regulation (EU) no. 604/2014, pursuant to Directive (EU) 2013/36/EU and Circular 285/2013 and represented in the " Rules for identifying Risk Takers" set out in the Parent Company's Policies.

At January 1st, 2021 FAMI Company Risk Takers, were 13 people, including executive and non-executive members of the Board of Directors. Among these, it should be noted that no. 5 individuals are also identified as Group Risk Takers at the same date.

Focus: Global Banding System

The Company adopts the Intesa Sanpaolo Group Global Banding System that is based on the grouping in homogeneous categories of managerial positions with similar levels of managed complexity and responsibilities, measured using the IPE (International Position Evaluation) methodology.

Linked to Global Banding, a job titling system has also been adopted that clearly identifies the responsibilities and the contribution of the roles, overcoming the purely hierarchical and organisational forms of logic. In particular, the title of:

- Chief is used to identify those roles that define and/or strongly influence the medium-long term strategies of the ISP Group or define the strategy of a Division, with an impact on the ISP Group's results in the medium-long term period;
- Executive Director is used to identify those roles that define and/or strongly influence the function/business/country strategy, in line with the Division/Group strategies, and ensure its implementation even under highly complex circumstances;
- Senior Director is used to identify those roles that define business/function policies and plans and guide their implementation, through the managerial responsibility of human and economic resources;
- Head of is used to identify those roles that define or contribute to defining plans and programmes for one's own organisational structure, also in coordination with other company structures, and ensure implementation through the managerial responsibility of human resources and economic responsibilities, if any.

While waiting for all the organizational units to be weighted for the purpose of attributing a specific job title to that position, all the person that are responsible for an organizational unit are considered Middle Managers.

Focus: External competitiveness of remuneration

Within the scope of defining total remuneration, FAMI pays constant attention to the external competitiveness in order to attract and retain the best resources. Taking into account market data and practices, the Company aims to align overall remuneration to median values, without prejudice to the possibility of making appropriate differentiations for particularly critical positions and/or resources of high management skills.

5.3 Remuneration components

The remuneration package is composed of:

- Fixed Remuneration;
- Variable Remuneration.

5.3.1. Fixed remuneration

The fixed component is the component of remuneration that is stable and irrevocable and is determined based on pre-established and non-discretionary criteria such as: the contractual framework, the role held, the responsibilities assigned, the particular experience and competence matured by the employee. The fixed remuneration consists of:

- **gross annual remuneration**, which reflects the level of professional experience and seniority of the staff;

- **indemnities** assigned in a non-discretionary manner and not linked to any type of performance indicator. This type of fixed remuneration is assigned to expatriate personnel, to cover any differences in cost, quality of life and/or salary levels specific to the target market;
- **indemnities and/or fees resulting from positions held in Corporate Bodies**, provided that they are not paid to the company to which they belong;
- any **benefits** aimed at increasing the motivation and loyalty of resources and assigned on a non-discretionary basis. These may be of a contractual nature (e.g. supplementary pension, health care, etc.) or derive from choices of remuneration policies (e.g. company car) and, therefore, provide for different treatment for different categories of personnel.

The **indemnities** paid to **expatriate staff** are designed to ensure fair net remuneration between what is received in the country of origin and the country of destination, thus covering any differences in cost, quality of life and/or remuneration levels specific to the market of destination.
Those allowances are fixed remuneration because they are:

- assigned to all expatriate personnel, in the event of a negative differential between the target country and the country of origin;
- not tied to any kind of performance indicator;
- defined on the basis of predefined and country-specific parameters, provided by a specialist consulting firm;
- communicated to the interested parties by means of an individual letter;
- paid as long as the person continues to be resident in the country in question.

5.3.2. Variable remuneration

The variable component is linked to personnel performance and proportional to the results achieved and the prudential risks taken, and consists of:

- annual incentive systems (see paragraphs 5.5.3 and 5.5.4);
- any short-term or long-term variable components, linked to permanence in the Company (non-competition agreements, one-off retention agreements) or exceptional (entry bonus);
- any discretionary benefits.

In addition, to those who expatriate from Italy but have an Italian employment contract, it is also assigned a long-term variable component, paid through:

- the Performance-based Option Plan (POP) addressed to Intesa Sanpaolo Group Risk Takers and Key Managers[3];
- the LECOIP 2.0 Plan addressed to Company Risk Takers, Middle Managers (not included in the POP) and the Remaining Personnel.

[3] Key Managers means those among the Executive Directors (i.e. Executive Director are the roles that define or highly influence the business/function/country strategy, in line with the Division/Group strategies, and ensure their creation) who are not Group Risk Takers.

The distinction of the variable component of remuneration into a short-term component and a long-term component favours the attraction and retention of resources, makes it possible to orient performance over a more than annual accrual period and to share the medium/long-term results arising from the implementation of the Business Plan of Intesa Sanpaolo Group.
Remuneration may not be paid in forms, instruments or methods aimed at avoiding regulatory provisions.

Focus: Guaranteed bonuses

NO granting of guaranteed bonuses is provided.

Focus: Entry Bonus

To attract new personnel, a one-off welcome bonus may be paid upon hiring, without prejudice to the accurate assessment and analysis of market practices.
In accordance with the provisions in the Supervisory Regulations, this type of bonuses is not subject to any requirement applicable to variable remuneration, including variable remuneration cap and pay-out schemes, if recognized in a single instalment (known as **welcome bonus**). It should be noted that the mentioned bonus can be assigned only once to the same staff member at Intesa Sanpaolo Group level.

Focus: One-off retention

Any retention bonuses tied to the period of employment of the personnel:

- are paid for a certain period of time or until a given event;
- are awarded not before the end of this period or upon the occurrence of the event;
- contribute to the calculation of the cap between the variable and fixed component of remuneration;
- are subject to the payment methods of the variable remuneration.

As regards retention bonuses, FAMI – in line with Intesa Sanpaolo Group definition and the industry practises – envisages a **minimum duration agreement** (or **stability agreement**), i.e. an agreement with which the beneficiary undertakes not to exercise the right to withdraw from the employment agreement for the duration of the Agreement, against a payment made at the end of such period, and which provides a penalty in case of breach of the commitment.

Focus: Discretionary pension benefits

Should discretionary pension benefits – which are currently NOT envisaged – be introduced, these will be assigned to beneficiaries in accordance with the applicable regulations, according to which they are similar to variable remuneration, and, therefore:

- in the case of resources who are not entitled to receive a pension, they shall be invested in UCITS units managed by the Company or other related instruments, equity or equity related instruments or other equivalent non-monetary instruments that are equally effective in terms of aligning incentives, held by the Company for a period of no less then five years and subject to ex-post adjustment mechanisms related to the Group's performance net of risk;
- in the case of resources entitled to a pension, they shall be invested in UCITS units managed by the Company or other related instruments, equity or equity related instruments or other equivalent non-monetary instruments that are equally effective in terms of aligning the incentives and subject to a holding period of not less than five years;
- they contribute to the calculation of the cap between the variable and fixed component of remuneration.

5.4 Pay-mix

5.4.1. General Criteria

The term pay mix refers to the weight, in percentage terms, of the total remuneration, of the fixed component and the variable part.

The Company, in full compliance with the regulatory indications, adopts a pay mix appropriately balanced in order to:

i. allow flexible management of labor costs, as the variable part may contract significantly until it is zeroed in relation to the level of results achieved in the reference year or when the Intesa Sanpaolo Group is not able to maintain or restore a solid base of capital;

ii. to discourage behaviors focused on achieving short-term results, especially if deriving from the assumption of high risks.

5.4.2. Variable-to-fixed remuneration ratio

To achieve the aforementioned purposes, it is the practice of the Intesa Sanpaolo Group and the Company to establish ex ante maximum and balanced limits to the variable remuneration for all staff clusters, by defining specific "caps" to increase bonuses in relation to any over-performance.

In compliance with current sector regulations, as well as Group Policies, the maximum limit on variable remuneration compared to the fixed remuneration is:

- 400% for Personnel belonging to the Investment Area (including Risk Takers);
- 200% for Intesa Sanpaolo Group Risk Takers not belonging to the Company Control Functions;

- 100% of the fixed remuneration for the remaining personnel not belonging to the Company Control Functions;
- 33% of the fixed remuneration for personnel belonging to the Company Control Functions.

The components of variable remuneration included in the cap are:

- the short-term component relating to the Incentive Systems;
- the long-term component assigned through the Long-Term Incentive Plans this component has an impact on the pro-rata variable remuneration for the entire accrual period;
- any variable short- and long-term components, tied to the period of employment in the company (stability, non-competition, one-off retention agreements) or extraordinary agreements;
- severance payments in the event of termination of the employment agreement or early termination of the office, except for the amounts agreed and paid:
  - based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed last year's fixed remuneration;
  - within an agreement reached in order to settle a current or potential dispute (independently from the context in which the agreement is drawn up), if calculated according to a predefined calculation formula approved previously by the Resolutions of the Shareholders, as provided in paragraph 5.8.

With specific reference to the cap set for the Fund Managers, the increase up to a maximum of 400% was defined in accordance with the faculty granted by the update of the Supervisory Regulations published on the Official Journal of the Italian Republic on 12 November 2018. This update has, in fact, introduced a novation about maximum limits to variable remuneration, attributing to Intermediaries the right to derogate from those established by Community legislation for personnel working in the Asset Managements, SICAVs and SICAF subsidiaries.
This change, approved by the Shareholders' Meeting of the Parent Company Intesa Sanpaolo in 2019, is aimed at:

- foster international growth in Wealth Management, consistent with the objectives explicitly stated in the 2018-2021 Business Plan;
- increase the attractiveness and retention capacity of key resources in countries other than Italy in which there are both independent players, who have no regulatory restrictions about variable remuneration limits, and operators belonging to local Banking Groups, who often derogate from the cap requirement in their subsidiaries belonging to the asset management sector.

The resources of the Company to which the increase in the cap would be applied up to 400% are about n. 31 out of which n. 1 Intesa Sanpaolo Group Risk Taker and n. 0 person identified as Risk Taker at Company level.

Focus: Contingent reduction of the variable remuneration payable to ISP Group Risk Takers for 2021
In view of the macroeconomic scenario resulting from the **COVID-19 pandemic**, in line with the December 2020 recommendation issued to Intesa Sanpaolo by the European Central Bank regarding the adoption of extreme moderation insofar as the decisions relating to the variable remuneration for Risk Takers, the Intesa Sanpaolo Group - and the Company as a part of it - adopts maximum caution in the definition of bonuses that can be accrued by ISP Group Risk Takers for the current year, which translates into a contingent reduction in the maximum portion (amounting to around -40%) of variable remuneration that can be accrued as part of the short-term Incentive Systems for the year. However, if the macroeconomic context improves, the results of the ISP Group are confirmed to be at least in line with budget forecasts and the European Central Bank does not renew the recommendations in respect of moderation of the variable remuneration allocated to Risk Takers (currently in force until 30 September), the ISP Group reserves the right to revise the bonuses that can be accrued by the ISP Group Risk Takers during the year until the ordinarily set levels are restored.

5.5 Annual Incentive Systems

Annual Incentive Systems adopted by the Company, in accordance with the Intesa Sanpaolo Group:

- are aimed at achieving the medium and long-term objectives set *out* in the Business Plan;
- consider the Company, Fideuram Group and ISP Group's Risk Appetite and Risk Tolerance – as expressed in the RAF – as well as the risk / return profile of the various assets managed;
- are aimed at promoting value creation goals for the current year, within a framework of sustainability, given that the premiums paid are related to the available financial resources.

Reported below is a summary of the operating mechanisms and the main characteristics of the incentive systems. Further details are provided in the following paragraphs.

STEP	OBJECTIVE	MECHANISM	
BONUS POOL	Solidity and sustainability in a prudential approach	Gate and Funding	• **The bonus pool is activated** only if main capital and liquidity requirements are satisfied, namely the minimum regulatory conditions of solidity at ISP Group, Fideuram Group and Company level, together with the economic and financial sustainability condition (see par. 5.5.1) • **The funding of the bonus pool** at Group level (quantum), of which the Company one is part, is based on the available resources resulting from economic and financial results achieved, adjusted for the non-financial risks incurred (see par. 5.5.2)
BONUS ALLOCATION	Alignment of behaviors and managerial conduct with medium and long-term objectives of the Group Business Plan within a framework of risk prevention	Incentive Systems	**INCENTIVE SYSTEMS FOR SPECIFIC CLUSTERS** Incentive system for all Group Risk Takers and for Legal Entity Risk Takers and Middle Managers not belonging to the Fund Managers category (see par 5.5.3) Fund Managers Incentive System (see par 5.5.4)
BONUS PAY- OUT	Adjustment based on conduct/ monitoring the impact of managerial conduct over time	Individual access conditions	Failure to satisfy individual access conditions precludes any bonus payout and the settlement of deferred portions to be paid during the year (see par. 5.5.6)
		Malus conditions	Failure to satisfy malus conditions leads to the reduction, even down to zero, of the deferral portions of bonus to be paid during the year (see par. 5.5.7)
		Claw-back	Return of bonuses already paid as a result of disciplinary measures due to personnel fraudulent behavior or serious misconduct (see par. 5.5.8)

Focus: Integration of sustainability risks into Incentive Systems (Regulation (EU) 2019/2088)

The Remuneration and Incentive Policy of the Company is also consistent with the provisions on the integration of sustainability risks pursuant to Regulation (EU) 2019/2088 of 27 November 2019 of the European Parliament and of the Council.

In particular, consistency is guaranteed at the annual Incentive Systems level:

- on the one hand, allocating within the scope of the Incentive System of all ISP Group Risk Takers and those Legal Entity Risk Takers and Middle Management who do not belong to the "*category of Fund Managers*" a specific "ESG" KPI among the strategic action objectives (see paragraph 5.5.3);
- on the other hand, introducing for the population belonging to the "*category of Fund Managers*" (i.e. ISP Group Risk Takers, Company Risk Takers, Middle Management and Professionals), a mechanism that corrects the bonus associated with the activity carried out in terms of sustainability risk management (see paragraph 5.5.8).

5.5.1 Activation conditions

The annual incentive systems for FAMI personnel are subject to the minimum activation conditions required by the Regulator, and failure to achieve even one of these results in the non-activation of the annual Incentive Systems.

The activation conditions are based, on a priority basis, on the principles envisaged by the prudential regulations on sound capital base and liquidity, represented by the consistency with the limits established by the RAF, as well as the principles of financial sustainability of the variable component of the remuneration represented by the verification the availability of sufficient economic and financial resources to meet the expenditure needs.

The conditions set are:

- At ISP Group Level (Group conditions):
  1. Common Equity Tier 1 Ratio (CET1) at least equal to the limit set in the RAF;
  2. Net Stable Funding Ratio (NSFR) at least equal to the limit set in the RAF;
  3. Absence of loss and positive Gross Income[4].
- At Fideuram Group Level (sub-holding conditions):
  1. Common Equity Tier 1 Ratio (CET1) at least equal to the limit set in the RAF;
  2. Net Stable Funding Ratio (NSFR) at least equal to the limit set in the RAF.
- At Company Level:
  1. Capital requirements at least equal to the regulatory capital.

It should be noted that failure to comply with the capital requirements at Company level constitutes a non-activation condition of all the Incentive Systems of FAMI to which the resources are addressed, even when the Group and/or subholding ones are positively verified.

5.5.2 Group Bonus funding and deployment at Company level

All incentive systems for FAMI personnel are financed by a structured bonus pool mechanism that, in order to ensure sustainability, is indexed to the level of achievement of a measure of profitability represented by Intesa Sanpaolo's Gross Income at Consolidated Financial Statements level.

In particular, the financing mechanism of the Bonus Pool at ISP Group level is:

- defined with a "top down" approach;
- determined according to the Gross Income level;

[4]In particular, the Gross Income (condition of sustainability) is measured net of:

- profits from the buyback of the Bank's own liabilities;
- fair value of the Bank's own liabilities;

income components arising from accounting policies following changes to the internal model on core deposits.

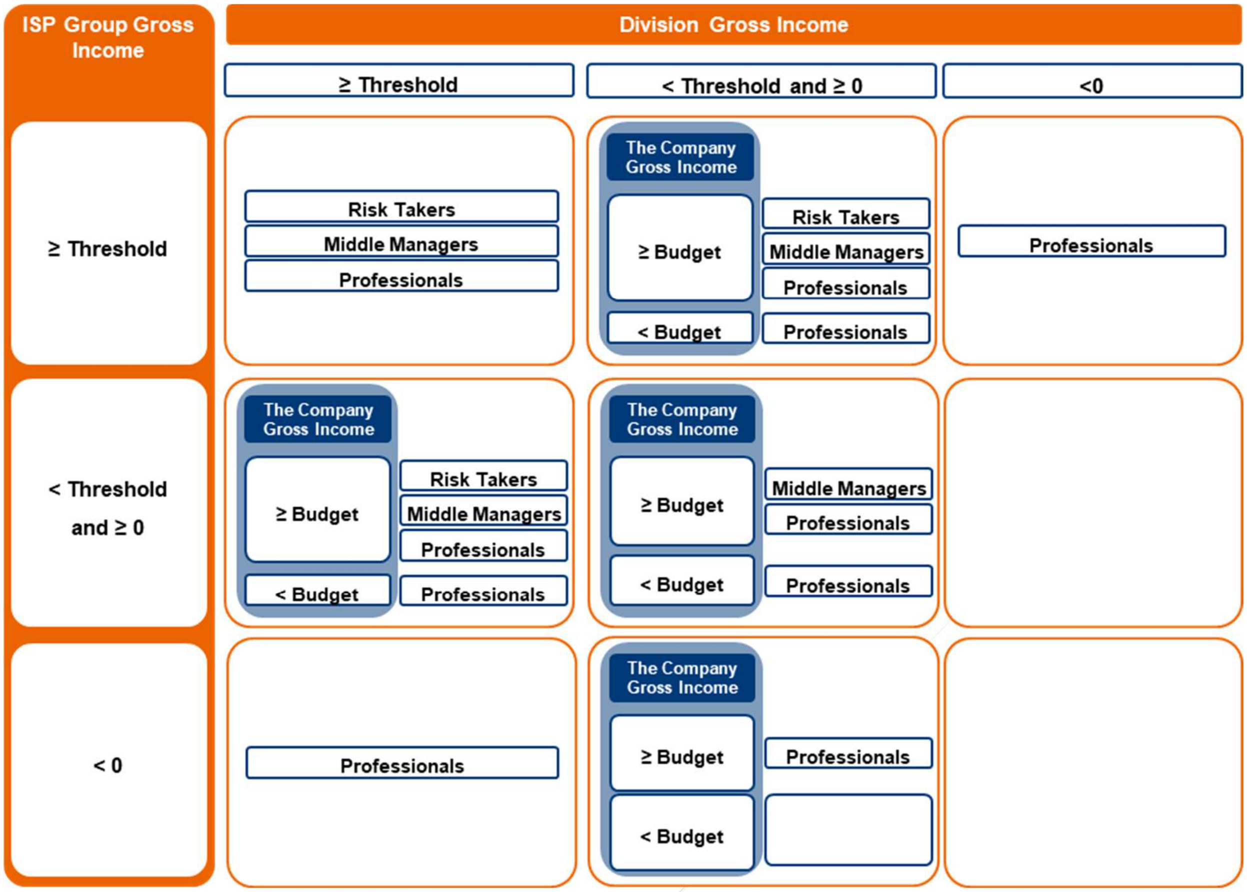
- allocated to finance all the Division's annual incentive systems and, within the Division, these of the Company.

In line with the provisions of the Group Policies and consistently with the principle of financial sustainability, the bonus pool allocated to the Private Banking Division, to which FAMI belongs to, is "modulated" depending on the level of the Gross Income reached by the same. In case that this level is lower than the predefined access Threshold, only a portion of the Division bonus pool is available (once the ISP Group gates are activated).

In addition, the portion of the bonus pool so allocated to the Company is subject to a correction mechanism that may imply a potential reduction of the accrued bonus pool in case of failure to respect the hard and/or soft limits set in the ISP Group RAF for the non-financial risks defined at Division level (i.e. Operational Losses and Integrated risk assessment).In particular, the impact in terms of bonus pool deduction in case of breaches of the abovementioned limits is 10% for the "hard" limits and 5% for the "soft" limit.

As regards the population clusters eligible for the annual Incentive Systems, these depend on the level of achievement of the Gross Income at Intesa Sanpaolo Group, Division and, in some specific cases, also at FAMI level.

The following is a schematic representation of the population clusters eligible for the Incentive Systems, according to Intesa Sanpaolo Group, Private Banking Division and Company's Gross Income.



As "Budget" it is meant the agreed budget lines defined as a target.

5.5.3 Incentive system for all Intesa Sanpaolo Group Risk Takers and for Legal Entity Risk Takers and the Middle Managers not belonging to the Fund Managers category

The incentive system for all Intesa Sanpolo Group Risk Takers and for Legal Entity Risk Takers and the Middle Managers not belonging to the Fund Managers category Management level is designed to address managerial behaviors and actions towards the achievement of the objectives set in the Business Plan, consistently with the interests of the Company, of the managed individual and collective assets and of the underwriters, to reward the best annual performances evaluated according to a perspective to optimize the risk / return ratio.

This System is formalized through the so-called Performance Scorecards. Performance Scorecards include economic-financial KPIs and non-financial KPIs.

KPIs		
	Economic-Financial KPIs gathered in 4 drivers coherent with the Company's strategy and ISP Group Business Plan	
	Growth **Profitability**	Expressed according to a risk/return approach through: • direct correlation between each objective (and the relative target) with risks taken • balance among the different objectives
	Productivity	Not directly related to risks but somehow linked to the sustainability of results over time
	Cost of Risk/ Sustainability	Aimed at risks reduction and/or mitigation as defined by the RAF
	Non-financial KPIs	
	• quantitative or qualitative • are linked with strategic actions or projects that represent the enabling factors for the achievement of financial KPIs or that contribute to the achievement of Company's Strategy and/or ISP Group Business Plan objectives • promote or encourage virtuous behaviors (good conduct) especially in reference to those businesses and areas that require direct relationship with costumers	

The identification of the KPIs and of the relative targets as well as the performance evaluation are carried out by the competent functions taking into consideration the economic-equity indicators considered most significant for the achievement of the budget objectives, which can be periodically monitored through the internal reporting tools available both to Company and/or Division and/or consolidated level.

The process of identifying the aforesaid KPIs provides for the involvement of the Risk Management and Compliance in order to ensure respectively the compliance of the KPIs with the limits fixed in the ISP Group RAF and with the Company's capital requirement, as well as the compliance thereof with the applicable legislation.

This allows the selection of a complex mix of qualitative and quantitative parameters – anyway transparent, objective and measurable – allowing a 360-degree evaluation of company's performances both in terms of profitability and prudentially-assumed risks.

Focus: Examples of qualitative and quantitative KPIs contained in the Performance Scorecards

KPIs	**Economic-financial KPIs**	
	Growth	Net sales
	Profitability	Performance of managed products
	Productivity	Cost/Income
	Cost of risk/ Sustainability	Operating Loss/Net Operating Income
	Non financial KPIs	
	Managerial Qualities	Risk Culture – Promoting awareness with respect to the 'emerging risks' (for Company Control Functions)
	Strategic Actions / Projects	ESG

The Performance Scorecards have a three-fold structure:

- Group section, containing at least one quantitative KPI measured on the ISP Group scope and common to all the Scorecards, except those intended to the Corporate Control Functions. For 2021, in line with the previous year, the Net Income was assigned as transversal ISP Group KPI;
- structure section, containing KPIs that are consistent with the strategic drivers of the Company within ISP Group Business Plan and the levers used by the Risk Taker/Middle Managers. The reporting boundary is FAMI or, in any case, the area of responsibility;
- qualitative section: containing KPIs relating to the taking of actions envisaged by ISP Group Business Plan or the measurement of managerial skills (possibly also individual), whose reporting is usually objectified by identifying project milestones and/or subject to evaluation by the Head based on supporting drivers defined ex ante. For 2021, "Environmental, Social and Governance (ESG)" has been chosen as the cross ISP Group KPI among the strategic actions. Furthermore, in continuation from 2018, for the Risk Takers in Corporate Control Functions, for 2021 a transversal KPI has been confirmed, represented by the objective of *"Risk Culture – Promoting awareness at all levels of the organisation regarding emerging risks, with a particular focus on the risks related to technological innovation, by means of education, awareness raising and training"*.

Focus: ISP Group "ESG" cross KPI

FAMI is aware that its impact on the social and environmental context in which it operates is significant and therefore chooses to focus not only on profit, but also on creating long-term value for the Company, its people, its customers, the community and the environment.

The Company wishes to be responsible and generate long-term value, in the awareness that innovation, development of new products and services and the responsibility of businesses can help reduce the impact on society of phenomena such as climate change and social inequality.

Regulators and all the Company's Stakeholders have shown a growing interest in environmental, social and governance factors as well.

In light of the above and pursuant to the provisions of Regulation (EU) 2019/2088, starting in 2021, the Company has decided to introduce a specific "ESG" KPI among the strategic action objectives that will be assigned to all management, in line with the guidelines defined by the Intesa Sanpaolo Group. This action also follows from our increasing commitment to social, cultural and environmental sustainability, which has in turn been strengthened with the Covid 19 pandemic.

This KPI is the evolution of the previous cross KPI of the ISP Group, i.e. Diversity & Inclusion, which focused on a specific area attributable to the Social factor. The new KPI, on the other hand, takes into account several ESG factors and areas in line with specific activities and projects carried out by the Company.

The ESG KPI is evaluated at ISP Group level, with a view to recognising the Group's commitment as a whole, and at the level of the Division to which FAMI belongs, to enhance the action areas of the individual Group structures. In particular:

- the presence of Intesa Sanpaolo in the sustainability indices of specialised companies will be assessed at ISP Group level;
- the following will be assessed at the Division level to which FAMI belongs:
  - specific ESG projects/actions (such as, for example, Sustainability Integration (ESG) – Growth of the AuM of the ESG product managed; Maintenance of the Customer Satisfaction Index indicator at excellence levels);
  - the achievement of the gender equality commitments in line with the Group's Diversity & Inclusion Principles.

Moreover, all Risk Takers and Middle Managers are evaluated on one KPI weighted up to 20% chosen from the KPIs assigned to any intermediate organizational level among the Division/Function and one's own area of responsibility. Only in particular cases, it's possible to provide an additional KPI chosen from the KPIs assigned to any intermediate organizational level among the Head of the Division/Function of the ISP Group and one's own area of responsibility as long as the maximum total weight of the two KPIs is in any case equal to 20%.

Each KPI is assigned a weight equal to at least 10% to ensure the relevance of the objective, and no more than 30% to guarantee appropriate weighting of the numerous objectives.

The performance evaluation period (accrual period) is annual.

Focus: Structure of the Performance Scorecard

The sum of the weights allocated to the KPIs in each section equals the overall weight of the section; this weight varies according to the macro area the Risk Takers and Middle Management belong to.

Here is a summary representation of the Performance Scorecard for each category.

Risk Takers and Middle Management of the Business and Governance Functions:

	Strategic Driver/KPIs	*Weight range on the Performance Scorecard*	
		BUSINESS	*GOVERNANCE*
Structure Objectives of an economic-financial nature	Growth Profitability Productivity Cost of risk/Sustainability	*50% - 70%*	*30% - 50%*
Group Objectives – cross-functional	Net income	*10%*	*10%*
Qualitative evaluation	ESG	*15%*	*15%*
	Other managerial skills (if any) Strategic actions/Projects – consistent with the Business Plan and measured either through quantitative parameters or on the basis of strategic drivers	*25% - 10%*	*45% - 25%*

Focus: Structure of the Performance Scorecard

<u>Risk Takers and Middle Management of the Company Control Functions:</u>

	Strategic Driver/ KPIs	*Weight range on the Performance Scorecard* *COMPANY CONTROL FUNCTIONS*
Non-financial - quantitative objectives	Productivity Cost of risk/Sustainability	*45% - 75%*
Group Objectives – cross-functional	Profitability	Group economic-financial objective not envisaged
Non-financial - qualitative objectives	ESG	*15%*
	Risk Culture – Promoting awareness at all levels of the organisation regarding "emerging" risks with a particular focus on the risks related to technological innovation, through of information, awareness and training	*10% - 15%*
	Other managerial skills (if any) Strategic actions/Projects – consistent with the Business Plan and measured either through quantitative parameters or on the basis of strategic drivers	*30% - 0%*

Focus: Risk Culture cross KPI identified for 2021 for Company Control Functions

KPI "Risk Culture - Promoting awareness at all levels of the organisation with respect to the emerging risks, with a particular focus on those connected to technological innovation, through information, awareness and training actions"

The evaluation scope of the KPI, for the Managers of the Company Control Functions present in the Division, corresponds to the respective scope.

The evaluation is carried out on the basis of the following drivers:

- Implementation of a Risk Culture Assessment[5];
- *Top Management* ("*tone from the top*"):
    - Number of initiatives, their qualitative rating and type of risks treated in Induction to the Corporate Bodies;
    - Number of initiatives, their qualitative rating and type of risks treated in training initiatives addressing the Top and Senior Management;
- Internal personnel of the Function:

[5] Driver envisaged exclusively for the Risk Management professional category.

- Number of initiatives, their qualitative rating and type of risks treated in training initiatives addressing the staff of functional areas;
- Number of initiatives, their qualitative rating and type of risks treated in training initiatives addressing personnel from the Guidance and control function;

- Other personnel:
  - Number of initiatives, their qualitative rating and type of risks treated in training initiatives addressing personnel other than the Top and Senior Management and the personnel from the Company Control Functions;
  - Extent/dissemination of the initiatives;
- Job rotation initiatives among company functions[6].

The total amount due is assigned annually based on the evaluation of the results of the individual performance scorecard and is defined with different calculation methods depending on the population cluster. This calculation is based on the so-called Division "ranking" for Intesa Sanpaolo Group Risk Takers and is linked to the evaluation of results for Legal Entity Risk Takers and Middle Management.

This ranking is obtained by ordering the scores of the results of the individual performance scorecards, assigned to each Group Risk Taker. For the purpose of determining the bonus, this ranking is then broken down into brackets.
With particular reference to the Intesa Sanpaolo Group Risk Takers belonging to the category of Fund Managers, in addition to the possible bonus accrued according to the position reached in the abovemantioned Division " ranking" and given the availability of the allocated bonus pool, an Extra Bonus related to the Performance of Managed Products is provided when the KPI "Performance of Managed Products[7]" exceeds the target level set within the Performance Scorecard. In particular, when the "Performance of Managed Products" is above the target level, the Extra Bonus amount increases linearly up to the maximum range of the brackets shown below.

In any case, if the KPI "Performance of Managed Products" does not reach the "threshold" level, no bonuses will be paid to the Group Risk Takers belonging to Fund Managers category.

The tables below sintetically represent the ranking mechanism for Intesa Sanpaolo Group Risk Takers belonging to Business and Governance functions and for those (among them) belonging to the Fund Managers category. In particular, the following are:

- the reference bonus awarded to each ranking bracket;

[6] Driver envisaged exclusively for the Compliance and Audit professional categories.
[7] For more details on the indicator, please refer to the focus of paragraph 5.5.4.

- the minimum and maximum range of the brackets within which a possible proposal for the increase/reduction of the bonus by the Direct Head must be included;
- the Extra Bonus provided for those belonging to the Fund Manager category if the KPI "Performance of Managed Products" exceeds the threshold.

Ranking brackets for Business and Governance functions (not belonging to Fund Managers category)			
Bracket	**Reference bonus based on the ranking**	**Minimum Bracket**	**Maximum Bracket**
1	Max Bonus opportunity[8]	110% Fixed remuneration	Max Bonus opportunity[9]
2	100% Fixed remuneration (+\-10%)	80% Fixed remuneration	120% Fixed remuneration
3	60% Fixed remuneration (+\-10%)	40% Fixed remuneration	80% Fixed remuneration
4	30% Fixed remuneration (+\-10%)	0% Fixed remuneration	50% Fixed remuneration

Ranking brackets for Group Risk Takers belonging to Fund Managers category				
Bracket	**Reference bonus based on Ranking**	**Bracket minimum**	**Bracket maximum**	**Extra Bonus for Performance managed products > target**
1	150% Fixed remuneration	110% Fixed remuneration	Bonus opportunity max	+200% Fixed remuneration
2	100% Fixed remuneration (+\-10%)	80% Fixed remuneration	120% Fixed remuneration	+ 180% Fixed remuneration
3	60% Fixed remuneration (+\-10%)	40% Fixed remuneration	80% Fixed remuneration	+ 150% Fixed remuneration
4	30% Fixed remuneration (+\-10%)	0% Fixed remuneration	50% Fixed remuneration	+100% Fixed remuneration

Finally, it is noteworthy that the evaluation of the performance scorecard covers a period of one year and that the pro-quota bonus may be paid only if the person has been employed for at least six months. Moreover, the payment of this variable remuneration component requires that the employment

8 The maximum opportunity bonus corresponds to 200% of the fixed remuneration, net of any allowances for the year arising from all other forms of variable remuneration.
9 See previous note.

relationship exist at the time of payment of the first upfront portion of the bonus, without prejudice to the provisions regarding Severance.

Focus: Contingent reduction of the bonuses accruable by Intesa Sanpaolo Group Risk Takers

The continuation of the macroeconomic context due to the pandemic from COVID-19 requires, as also recommended by the Supervisory Authorities[10], a high level of prudence when defining the bonuses that can be accrued by the ISP Group Risk Takers for the year 2021.

In particular, it was decided to review the reference bonuses by bracket (and, consequently, the relative minimums and maximums per bracket) that can be accrued.
The reference bonuses by bracket (and the relevant minimum and maximum bonuses) are set out below, without prejudice to the distribution of the population per Ranking bracket defined according to the degree of achievement of the budget described in the paragraphs above.

Business and Governance functions

Ranking brackets for Business and Governance functions (NOT belonging to Fund Managers category)			
Bracket	**Reference bonus based on the ranking**	**Minimum bracket**	**Maximum bracket**
1	100% Fixed remuneration (+\-10%)	80% Fixed remuneration	100% Fixed remuneration
2	70% Fixed remuneration (+\-10%)	60% Fixed remuneration	80% Fixed remuneration
3	45% Fixed remuneration (+\-10%)	35% Fixed remuneration	55% Fixed Remuneration
4	30% Fixed remuneration (+\-10%)	0% Fixed remuneration	40% Fixed remuneration

[10] In particular, reference is made to the European Central Bank's recommendation of December 2020 regarding the adoption of extreme moderation insofar as the decisions relating to the variable remuneration until 30 September 2021, particularly regarding Risk Takers.

Focus: Contingent reduction of the bonuses accruable by Intesa Sanpaolo Group Risk Takers

For the ISP Group Risk Takers belonging to the Fund Managers category, the Extra Bonus linked to the Performance of Managed Products is reviewed as reported below:

Fund Managers category Ranking brackets				
Bracket	**Reference bonus based on Ranking**	**Bracket minimum**	**Bracket maximum**	**Extra Bonus for Performance of managed products > target**
1	100% Fixed remuneration (+\-10%)	80% Fixed remuneration	100% Fixed remuneration	+ 180% Fixed remuneration
2	70% Fixed remuneration (+\-10%)	60% Fixed remuneration	80% Fixed remuneration	+ 160% Fixed remuneration
3	45% Fixed remuneration (+\-10%)	35% Fixed remuneration	55% Fixed remuneration	+ 135% Fixed remuneration
4	30% Fixed remuneration (+\-10%)	0% Fixed remuneration	40% Fixed remuneration	+ 95% Fixed remuneration

5.5.4 Fund Managers Incentive System

The population of the Fund Managers[11] (both UCITS and Portfolio Management) is the recipient of a specific Incentive System aimed at supporting the achievement of the performance objectives of the products managed in risk / return terms over a multi-year period.

The incentive system applied to the Fund Managers category also takes into account the integration of sustainability risks within the scope of the investment process, as governed in the document *"Integration of sustainability Risks into the Remuneration and Incentive Policy of Fideuram Asset Management Ireland"*.

Focus: Integration of sustainability risks in the investment process

In line with Regulation (EU) 2019/2088, FAMI has adopted a specific "*Sustainable and responsible investment Policy*" available on the Company's website which describes the methods for integrating

[11] Included Company Risk Takers.

"sustainability risks"[12] for products - mutual funds and portfolio management - managed by the Company.

The Company has therefore adopted specific methodologies for the selection of financial instruments, suitably graded according to the characteristics and objectives of the individual products managed, which take into account environmental, social and governance (ESG) factors and principles of Sustainable and Responsible Investments (SRIs).

The criteria for the selection and monitoring of issuers based on ESG and SRI profiles supplement the traditional financial analyses of the risk/return profiles of the issuers that the Company takes into consideration when making its investment choices, to prevent environmental, social and governance conditions from having a significant actual or potential negative impact on the value of the investments of the managed assets.

For the purposes of the Incentive System, the reference population is divided into n. 6 clusters according to role (Head of Investment Management Function, Investment Management Team Leader, Head of Investment Support Function, Senior Portfolio Manager, Associate Portfolio Manager and Investment Support Specialist).

Within the 6 clusters, several Reference Bonuses are identified, representing the target bonus and awarded to the Fund Manager based on the evaluation of some specific criteria (i.e. AUM managed, number of products managed, performance track record, managed complexity, seniority in the role, qualitative performance, managerial assessment, leadership assessment).

The System is formalized through a Performance Scorecard with two sections:

- a quantitative section in which a synthetic KPI ("Performance of Managed Products") is identified, which measures in a normalised and weighted form the performance of the funds managed by a Manager;

Performance of Managed Products KPI:

For the purpose of evaluating the performance of the products managed, a balanced set of quantitative indicators is used, differentiated according to the type of products managed.

As regards the **managed products compared to a benchmark**, the reference indicators are:

- Excess Return (ER);

[12] What is meant is an environmental, social or governance event or condition which could have a significant actual or potential negative impact on the value of the investment if it came to pass.

- Information Ratio (risk-adjusted performance indicator) that expresses the return of a portfolio compared to that of its reference benchmark in relation to the relative risk measured by the Tracking Error Volatility (TEV).

With regard to the **flexible products** instead, reference is made to the following indicators:

- absolute return;
- *Sharpe Ratio*[13] (risk-adjusted performance indicators);
- downside protection measures based on Drawdown[14].

As regards the reporting, reference is made to the report prepared by the Risk Management Function.

- a qualitative section that focuses on the Manager's managerial or professional skills.

Qualitative KPIs:

Quantitative performance indicator has been properly complemented in order to enhance the achievement of individual (qualitative) objectives by each manager, which can measure the achievement of KPIs related to the Business Plan implementation or to behavioural/managerial skills, whose reporting is usually objectified by defining project milestones and/or assessment drivers which guide *ex post* assessment made by each Direct Head.
A total of two qualitative objectives is set, which correspond to a total amount of 20 points (overtarget) for each scorecard. Each objective therefore weighs a maximum of 10 points.

The bonus accrued by each Fund Manager is a deterministic function of the overall score achieved by the Performance Scorecard.

For application purposes, the following additional details are provided below regarding the structure of the Performance Scorecards:

- the KPI evaluation scale;
- the mechanism for calculating the score on the Performance Scorecard.

KPI evaluation scale

The evaluation scale for the KPIs differs according to the type of objective.

[13] The Sharpe Ratio is calculated by using the gross return with respect to the Barclays Euro Treasury Bills "risk free" index and is a measure of the risk premium calculated per unit of volatility, where a higher indicator indicates a higher value creation per unit of risk assumed.
[14] The drawdown represents the loss accrued by an investment, measured as the difference between a relative maximum point ("peak") and the subsequent minimum point ("trough").

For quantitative KPIs (performance objectives *of the managed products*) the level of achievement of these KPIs is mathematically determined on the basis of the following evaluation scale, which is differentiated according to the type of indicator adopted:

– excess return (for managed vs benchmark products), absolute return and drawdown measures with respect to asset allocation portfolios (for absolute/total return products)

Minimum	Threshold	Target	Overtarget
-100%	0%	+50%	+100%

– risk-adjusted return measures

Threshold	Target	Overtarget
0%	+50%	+100%

The quantitative performance indicator of the MBO "Performance of Managed Products" for each Fund Manager is the result of the aggregation of the performance of individual products and / or asset management. The relative evaluation scale is reported below:

Minimum	Threshold	Target	Overtarget
-100%	0%	+50%	+100%

As far as individual qualitative objective KPIs are concerned, the score is expressed based on evaluation drivers and the report on activities performed on the basis of the following discrete evaluation scale:

Below expectations	Partially in line with expectations	In line with expectations	Above expectations	Outstanding
-10	-5	0%	+5	+10

The mechanism for calculating the scores on the Performance Scorecard

The score of the performance scorecard is determined by the algebraic sum of the score related to the performance objective of the managed products and that related to the two qualitative objectives.

Therefore, the performance scorecard range is equal to 0% - 120% because, if the score related to the performance objective of the managed products is below zero (i.e., threshold), the qualitative assessment is not effective.

The scorecards with scores below the minimum level (0%) do not enable the award of the bonus in any event[15].

Finally, it should be noted that the incentive curves on the basis of which the bonus actually accrued is calculated according to the score obtained by the Performance Scorecard are differentiated to recognize the different degree of contribution to the results of the clusters of the roles targeted by the Incentive System.For this purpose, these clusters of roles are grouped into two macro clusters:

a) Investment Management Head of Function, Team Leader, Senior Portfolio Manager
b) Investment Support Head of Function, Investment Management Associate/Portfolio Manager and Investment Support

for which the first macro cluster is associated a more competitive incentive curve.

In any case, the maximum bonus that can be awarded is set at six times the Reference Bonus, notwithstanding the cap defined for each macro cluster of population.
For more details on the Incentive System please refer to the document "Incentive System for the Portfolio Managers of Fideuram Asset Management Ireland dac".

5.5.5 Incentive System for Risk Takers and Middle Managers of start-up companies

A specific and selective Annual Incentive System is envisaged for the Risk Takers and Middle Managers belonging to start-up companies.
The System aims to support the alignment of Risk Taker and Middle Management performance with the growth objectives of the Business Plan for a period of time that allows the start up to achieve a positive and/or minimum level of profitability (up to a maximum of three consecutive years), within ISP Group context where anyway the capital, liquidity and sustainability conditions shall be met.
For the purpose of determining the incentive due, the Company's performance is measured with respect to the achievement of the milestones envisaged (e.g. Company Profit/Loss) by the specific multi-year Business Plan for the start-up, in line with the medium-long term objectives characterizing

[15] In any case, for the professional population, the payment of the bonus is subject to a professional evaluation at least equal to "in line with expectations".

all the Company Incentive Systems.In compliance with the principle of financial sustainability, the maximum incentive to be accrued is, in any case, limited and compatible with the economic and financial context of the Company.

5.5.6 Individual access conditions

The payment of the individual bonus is, in any case, subject to the verification of the absence of the so-called individual compliance breaches:

- disciplinary measures involving suspension from service and pay for a period equal to or greater than one day, also due to serious findings received from the Company's control functions;
- in the event of violations sanctioned by the supervisory Authorities of the obligations in matters of professionalism, integrity and independence and following in relation to related parties and obligations regarding remuneration and incentives set out in CRD IV, involving a sanction of an amount equal to or greater than € 30,000;
- behaviors that do not comply with the provisions of the law, regulations, the articles of association or any ethical or conduct codes established ex ante by the Group or the Company and from which a “significant loss” has resulted for the Group, for the Company, for managed funds or for customers.

In particular, failure to verify the conditions of individual access entails the non-payment of the bonus for the year in which the compliance breach was committed, as well as canceling the deferred portions whose vesting conditions refer to the same year.

Furthermore, with exclusive reference to the Fund Managers, two additional access conditions are envisaged:

1. a condition of compliance with the structure of limits established for the individual product is defined which, in the presence of significant and persistent exceedances of the limits, acts as a possible de-multiplier of the bonus achieved up to a possible zeroing.
   In particular, in the presence of significant and persistent exceedances of the limits, a reduction equal to:
   - 20% in the case of the severity level of the "average" exceedance[16];
   - 50% in the event of a "high" severity level[17].

   In any case, the deduction can lead to the cancellation of the bonus in case of exceedances that can negatively impact the assets of the Company.
2. the payment of the bonus must be subject to:
   - for those in this category that are ISP Group Risk Takers, reaching at least the threshold level of the “Performance of Managed Products” KPI within the Performance Scorecard;

[16] A situation characterized by more than 10% of working days with an exceeding of the limit greater than 20% of the limit itself is considered an average level of severity.

[17] It is considered a high level of severity in the presence of more than 10% of the working days characterized by exceeding the limit greater than 30% of the limit itself.

- for those in this category who are identified as Legal Entity Risk Takers or who belong to the Middle Management and Professionals segment, reaching a score equal to or greater than zero in the quantitative section of the Performance Scorecard, corresponding to the "Performance of Managed Products".

5.5.7 Q-Factor

All the bonuses accrued by ISP Group Risk Takers, Legal Entity Risk Takers and Middle Management, independently from their Incentive System, are subject to a corrective mechanism that measures the residual structure risk level (Q-Factor) and that acts as a possible de-multiplier of the bonus achieved which is reduced by:

- 20% in case of a "very high" Q-Factor;
- 10% in case of a "high" Q-Factor.

The Q-Factor is based on factors relating to the control system and also considers other elements that are useful for the evaluation (Operational Losses, Findings of the Supervisory Authorities, Trends and weights of the critical issues in the Tableau de Bord of the Audit). The evaluation is based on a quantitative scale to which the residual risk judgement corresponds: Very High, High, Medium, Low.

5.5.8 Sustainability corrective mechanism the personnel belonging to the Fund Managers category

In order to integrate the sustainability risks assumed in the portfolio management, the Company has defined for the personnel belonging to the Fund Managers category (ISP Group Risk Takers, Company Risk Takers, Middle Management and Professionals), a mechanism that corrects the bonus that rewards the activities carried out in terms of sustainability risk management (the "**sustainability corrective mechanism**").

This mechanism is based on a comparison between the "sustainability rating" of the Fund Manager's portfolio (i.e. the average score of the products managed by the individual Manager with reference to ESG factors) and the related target level identified (i.e. average score of the parameters – product benchmark or investment universe – associated with the Manager).

Depending on the deviation of the sustainability rating of the portfolio compared to the target, the mechanism may confirm the Manager's bonus determined within the scope of the Incentive System or act to increase or decrease the rating. In particular:

- if the Fund Manager's sustainability rating is one notch higher than the target rating, the bonus is increased by 5%;
- if the Fund Manager's sustainability rating is two or more notches higher than the target rating, the bonus is increased by 10%;

- if the Fund Manager's sustainability rating is one notch below the target rating, the bonus is reduced by 5%;
- if the Fund Manager's sustainability rating is two or more notches below the target rating, the bonus is reduced by 10%;
- if the Fund Manager's sustainability rating is in the same class as the target rating, the bonus is confirmed.

The methods for calculating the rating are set forth in the documents "*Incentive System for the Portfolio Mangers of Fideuram Asset Management Ireland dac"* and "*Integration of sustainability Risks into the Remuneration and Incentive Policies of Fideuram Asset Management Ireland dac*".

5.5.9 Malus Conditions

In case of deferment (see paragraph 5.55.6), each deferred portion is subject to an ex post adjustment mechanism - the so-called malus condition - according to which the relative amount recognized, and the number of any assigned financial instruments may be reduced, to zero, in the year in which the deferred portion is paid, in relation to the level of achievement of the minimum conditions setby the Regulator regarding the sound capital base and liquidity, as well as the condition of financial sustainability.
Those conditions are:

- **at Intesa Sanpaolo Group level:**
  1. Common Equity Tier 1 Ratio (CET1) at least equal to the limit set in the Intesa Sanpaolo Group RAF;
  2. Net Stable Funding Ratio (NSFR) at least equal to the limit set in the Intesa Sanpaolo Group's RAF;
  3. Absence of loss and positive Gross Income[18].

- **at Fideuram Group level:**
  1. Common Equity Tier 1 Ratio (CET1) at least equal to the limit set in the Fideuram Group RAF;
  2. Net Stable Funding Ratio (NSFR) at least equal to the limit set in the Fideuram Group RAF;
  3. Absence of loss and positive Gross Income.

- **at Company level:**
  1. Capital requirement of the Company in line with the regulatory capital required by the legislation;

[18] In particular, the Gross Income (condition of sustainability) is measured net of:
- profits from the buyback of the Bank's own liabilities;
- fair value of the Bank's own liabilities;
- income components arising from accounting policies following changes to the internal model on core deposits.

2. Absence of loss and positive Gross Income.

In the event that one of the conditions of capital solidity (CET1 or Capital requirement) or liquidity (NSFR) does not occur individually, the deferred portion is reset to zero; if the sustainability condition (Gross Income) is not met, the deferred portion is reduced by 50%.

For the verification of the malus conditions it shall be considered the perimeter of the Legal Entity where the person was employed when awarded the bonus to which the deferred portions are referred to.

5.5.10 Claw-back Mechanism

The Company reserves the right to activate claw-back mechanisms for all personnel, or the return of bonuses already paid as required by the law, in the context of:

- initiatives and disciplinary measures envisaged in the face of fraudulent behavior or gross negligence of the personnel, also taking into account the legal, contributory and tax-related profiles in the matter;
- behaviors that do not comply with the provisions of the law, regulations, articles of association or any ethical or conduct codes established ex ante by the ISP Group and from which a "significant loss" has arisen for the Company or customers.

These mechanisms can be applied in the 5 years following the payment of the single portion (up-front or deferred) of variable remuneration.

5.6 Payment method for the short-term variable remuneration

The remuneration payment methods are regulated by specific indications in the Group Policies, defined in accordance with the Supervisory Provisions taking into account the specific regulatory requirements for the asset management sector.

Below are the schemes for paying the variable remuneration adopted by the Company.

Deferral

Deferred amount

(1) **70%** of variable remuneration is deferred for a period of **5 years** in the event of:
- variable remuneration awarded to the **ISP Group and Legal Entity Risk Takers belonging to the Fund Managers category**, if the amount exceeds the materiality threshold and exceeds 300% of the fixed remuneration

(2) **60%** of variable remuneration is deferred for a period of **5 years** in the event of:
- **"particularly high" amount** of remuneration, for each cluster of staff
- remuneration awarded to the **ISP Group and Legal Entity Risk Takers belonging to Fund Managers category**, if the amount exceeds the materiality threshold and is between 200% and 300% of the fixed remuneration
- remuneration awarded to **Fund Managers category** (no Risk Taker), if the amount exceeds the materiality threshold and exceeds 300% of the fixed remuneration

(3) **50%** of variable remuneration is deferred for a period of **4 years** in the event of remuneration awarded to:
- remuneration awarded to the **ISP Group Risk Takers belonging to the Fund Manager category**, if the amounts exceeds the materiality threshold and is comprised between 100% and 200% of the fixed remuneration
- other **ISP Group Risk Takers**, if the amount exceeds both the materiality threshold defined at Group level and 100% of fixed remuneration

(4) **60%** of variable remuneration is deferred for a period of **3 years** in the event of remuneration awarded to:
- remuneration awarded to **Legal Entity Risk Takers belonging to the Fund Manager category**, if the amounts exceeds the materiality threshold and is comprised between 100% and 200% of the fixed remuneration
- other **Legal Entity Risk Takers,** if the amount exceeds the materiality threshold and equal to or lower than 100% of fixed remuneration
- remuneration awarded to **Fund Managers category** (no Risk Takers) if the amounts exceeds the materiality threshold and is comprised between 200% and 300% of the fixed remuneration

(5) **40%** of variable remuneration is deferred for a period of **4 years** in the event of remuneration awarded to:
- **ISP Group Risk Takers belonging to the Fund Manager category**, if the amount exceeds the materiality threshold and is equal to or lower than 100% of fixed remuneration
- other **ISP Group Risk Takers,** if the amount exceeds the materiality threshold and equal to or lower than 100% of fixed remuneration

(6) **40%** of variable remuneration is deferred for a period of **3 years** in the event of remuneration awarded to:
- **Legal Entity Risk Takers belonging to the Fund Manager category**, if the amount exceeds the materiality threshold and is equal to or lower than 100% of fixed remuneration
- other **Legal Entity Risk Takers,** if the amount exceeds the materiality threshold and equal to or lower than 100% of fixed remuneration
- **Fund Managers category** (no Risk Takers) if the amount exceeds both the materiality threshold and 100% of fixed remuneration
- **Middle Managers** and **Professionals** if the amount exceeds both the materiality threshold and 100% of fixed remuneration

(7) **40%** of variable remuneration is deferred for a period of **2 years** in the event of remuneration awarded to:
- **Fund Managers category** (no Risk Takers), if the amount exceeds the **materiality threshold** and is equal to or lower than 100% of fixed remuneration, or if it is equal to or lower than the materiality threshold and exceeds 100% of fixed remuneration
- **Middle Managers** and **Professionals**, if the amount exceeds the **materiality threshold** and is equal to or lower than 100% of fixed remuneration, or if it is equal to or lower than the materiality threshold and exceeds 100% of fixed remuneration

Up-front amount

The remaining part of the variable remuneration is paid out up-front.

For each cluster of staff the variable remuneration is entirely paid out up-front, if the amount is **equal to or lower than both the materiality threshold** and **100% of fixed remuneration**

Focus: “Particularly high” amount of variable remuneration

In line with the provisions of the Group Policies and therefore with the Supervisory Regulations of the banking sector, at least every three years the Intesa Sanpaolo Group is obliged to define the “**particularly high**” amount of variable remuneration, as the lower between:

- The 25% of the average Italian high earners total compensation, as reported in the last EBA report. Such amount is equal to 424.809€ according to the EBA report on the Dicember 2017 data;
- 10 times the average total remuneration of Intesa Sanpaolo Group employees. Intesa Sanpaolo calculated this amount as the average of the remuneration paid to its employees in the years 2016, 2017 and 2018 equal to 420.333€.

With a view to greater prudence, the latter amount is rounded down and, consequently, for the three-year period 2019-2021, variable remuneration of over € 400,000 is considered “Significant”.

Focus: Materiality threshold

In line with the ISP Group Policies, the Company has defined a materiality threshold, differentiated by personnel cluster, beyond which the variable remuneration is considered “significant”.

In particular:

- for ISP Group Risk Takers, in compliance with the regulations applicable to the banking Parent Company, the variable remuneration is considered “significant” if it exceeds the amount of €50,000 or if it represents more than one third of the total remuneration;
- for Company Risk Takers, Middle Management and Professionals, in line with the Company and ISP Group practices, the materiality threshold of €80,000 is maintained, beyond which the variable remuneration is considered “significant”.

Below are the financial instruments for the variable remuneration payment adopted by the Company:

Payment instruments

Financial instruments

1. **70%** of variable remuneration is paid out in **financial instruments** for:
    - **ISP Group and Company Risk Takers belonging to Fund Manager category**, if the amount exceeds the materiality threshold defined at Group level and 300% of fixed remuneration

2. **60%** of variable remuneration is paid out in **financial instruments** for:
    - those receiving a "**particularly high" amount** of variable remuneration which **exceeds 100% of fixed remuneration**, for each cluster of staff
    - **ISP Group and Company Risk Takers belonging to the Fund Managers Category** if the amount **exceeds** the materiality threshold and is comprised between 200% and 300% of the fixed remuneration
    - **Fund managers category** (no Risk Taker), if the amount exceeds both the materiality threshold and 300% of fixed remuneration

3. **55%** of variable remuneration is paid out in **financial instruments** for:
    - those receiving a "**particularly high" amount** of variable remuneration which is **equal to or lower than 100% of fixed remuneration**, for each cluster of staff

4. **50%** of variable remuneration is paid out in **financial instruments** for:
    - **ISP Group and Company Risk Takers belonging to the Fund Managers Category** if the amount **exceeds** the materiality threshold and is lower than 200% of fixed remuneration
    - other **ISP Group and Company Risk Takers**
    - **Fund managers category** (no Risk Taker), if the amount exceeds the materiality threshold and is comprised between 100% and 300% of fixed remuneration
    - **Middle Managers and Professionals,** if the amount exceeds both **the materiality threshold** defined by the Group and **100% of fixed remuneration**

Cash

The remaining part of the variable remuneration is paid out in cash

For each cluster of staff the variable remuneration is paid out in cash, if the amount is **equal to or lower than both the materiality threshold** and **100% of fixed remuneratio**

Focus: Financial Instruments

The Regulation for the personnel in significant asset management companies provides that a substantial part of the variable remuneration is composed of units or shares of the UCITS or AIFs managed, or of a combination that takes into account as much as possible the proportion of these, or of equivalent equity interests, instruments linked to units or shares or from other equivalent non-monetary instruments that are equally effective in terms of aligning incentives. Therefore, in compliance with these provisions, the financial instruments assigned consist of a specific basket of Phantom UCITS representing the asset classes managed by the Company. The Phantom UCITS are a unit of measurement which virtually represent the managed UCITS.

Focus: Financial Instruments

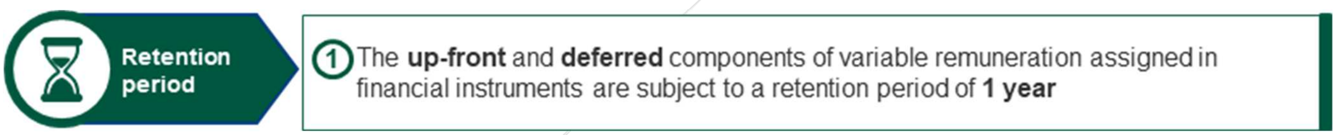
In this context:

- the UCITS basket representing the funds managed by the Company to be assigned to the Group Risk Takers and to the Legal Entity Risk Takers not involved in the management activity and to the personnel involved in the management activity is defined;
- the principles of selection of the additional UCITS to be assigned to the personnel involved in the management activity in terms of representativeness of the activity carried out by each are identified.

Criteria used to identify the basket of financial instruments to be assigned to the staff of the Company are detailed in the document "Identification of the financial instruments to be assigned to the staff of Fideruam Asset Management Ireland for the purposes of the incentive system".

According to the current authorization granted by the Central Bank of Ireland and the CSSF, the UCI managed by the Company are not distributed retail in Ireland. Therefore, the variable remuneration assigned in Phantom UCITS will be paid after the retention period in cash, equivalent to the countervalue of the shares and units of Phantom UCITS that are included in the basket.

For the variable remuneration assigned in UCI units, a holding period is envisaged:



In application of the above, the Company has defined 8 pay-out schemes differentiated primarily according to whether they belong to the Fund Managers category.
In particular, for personnel NOT belonging to the Fund Managers category, in accordance with the provisions of the Intesa Sanpaolo Group Policies, the schemes are subsequently differentiated according to the category of personnel (Intesa Sanpaolo Group Risk Taker, Company Risk Taker, Middle Management and Professional), the amount of variable remuneration (higher or lower than the Significant amount or the materiality threshold) and the incidence of variable remuneration compared to the fixed (greater or equal / less than 100%).

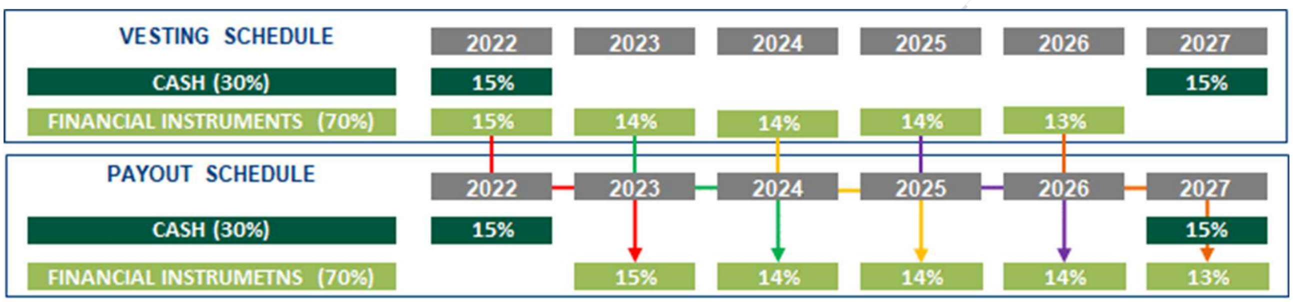
Instead, with reference to the personnel belonging to the Fund Managers category, the schemes were further differentiated according to the category of personnel (Risk Taker, Middle Management and Professional), the amount of the variable remuneration (above or below the materiality threshold) and the increasing incidence of variable remuneration compared to fixed (equal to/less than 100%, between 100% and 200%, between 200% and 300%, greater than 300%).

The 8 pay-out schemes are shown below.

Scheme 1

In case that the **Intesa Sanpaolo Group Risk Takers and Legal Entity Risk Takers belonging to the Fund Managers category** accrue a variable remuneration **higher than the materiality threshold and greater than 300% of the fixed remuneration**, 30% up-front will be paid (of which 15% cash and 15% in units of UCIs) and 70% (of which 15% cash and 55% in units of UCIs) over a 5-year time horizon of deferral.

The pay-out scheme is shown below:



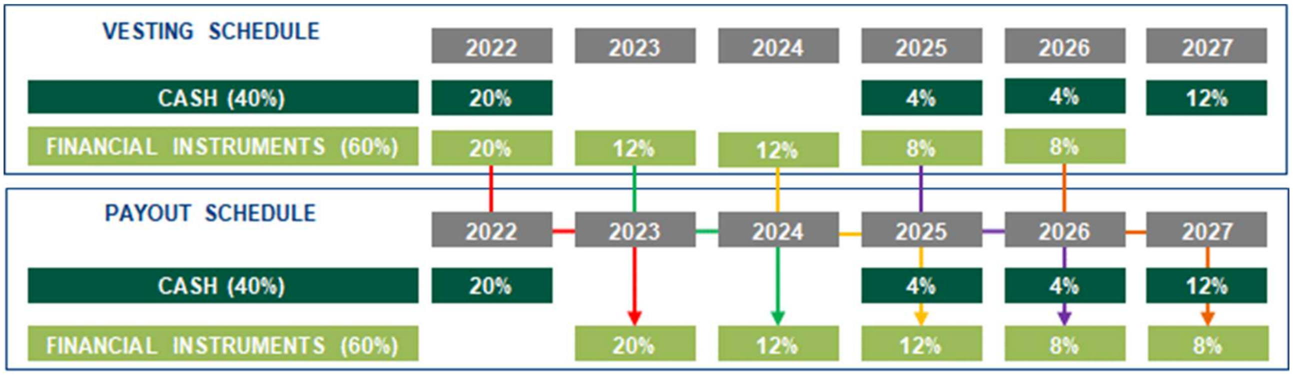
Scheme 2

In cases where:

- the personnel, regardless of their macro segment, accrue a variable remuneration of a **"particularly high" amount and greater than 100% of the fixed remuneration**,
- **the Intesa Sanpaolo Group and Legal Entity Risk Takers belonging to the Fund Managers category** accrue a variable remuneration for an **amount greater than the materiality threshold** defined by the Group and **between 200% and 300%** of the fixed remuneration,
- the personnel (non-Risk Taker) **belonging to the Fund Managers category** accrue a variable remuneration **higher than the materiality threshold** and **greater than 300% of the fixed remuneration**,

40% up-front will be paid (of which 20% in cash and 20% in units of UCIs) and 60% (of which 20% cash and 40% in units of UCIs) over a 5-year time horizon of deferral.

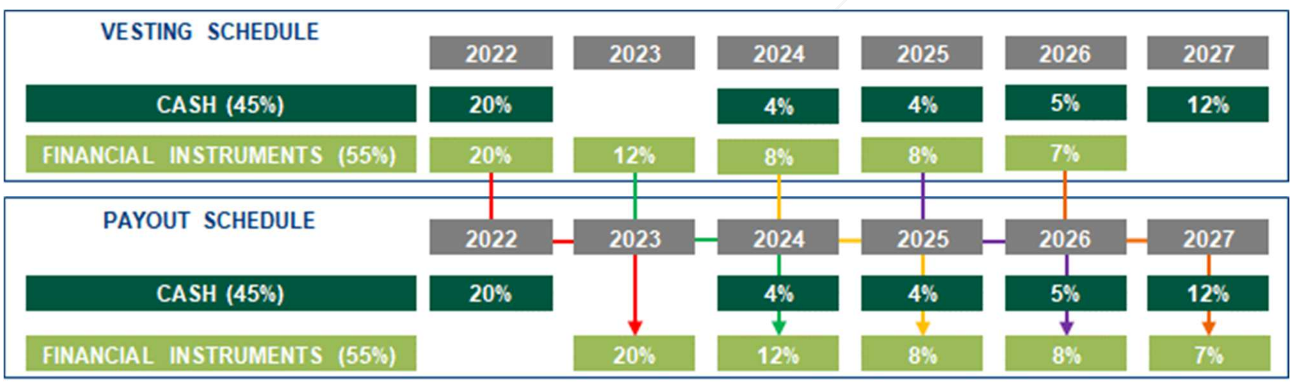
The pay-out scheme is shown below:



Scheme 3

In case that the personnel, regardless of their macro segment, accrue a variable remuneration of a **"particularly high" amount and equal to or less than 100% of the fixed remuneration**, 40% up-front will be paid (of which 20 % cash and 20% units in UCIs) and 60% (of which 25% cash and 35% in units of UCIs) over a 5-year horizon of deferral.

The pay-out scheme is shown below:



Scheme 4

In cases where:

- **the Intesa Sanpaolo Group Risk Takers belonging to the Fund Managers category** accrue a variable remuneration **above the materiality threshold** and **between 100% and 200% of the fixed remuneration**,
- **the other Intesa Sanpaolo Group Risk Takers** NOT belonging to the Fund Managers category accrue a variable remuneration **above the materiality threshold** and **above 100% of the fixed remuneration**,

50% up-front will be paid (of which 25% cash and 25% in units of UCIs) and 50% (of which 25% cash and 25% in units of UCIs) over a 4-year horizon of deferral.

The pay-out scheme is shown below:

ACCRUAL SCHEDULE	2022	2023	2024	2025	2026
CASH (50%)	25%		6,25%	6,25%	12,5%
FINANCIAL INSTRUMENTS (50%)	25%	12,5%	6,25%	6,25%	

SETTLEMENT SCHEDULE	2022	2023	2024	2025	2026
CASH (50%)	25%		6,25%	6,25%	12,5%
FINANCIAL INSTRUMENTS (50%)		25%	12,5%	6,25%	6,25%

Scheme 5

In cases where:

- **the Intesa Sanpaolo Group Risk Takers (belonging or not to the Fund Managers category)** accrue a variable remuneration **higher than the materiality threshold** but **equal to or less than 100% of the fixed remuneration**

60% up-front will be paid (of which 30% in cash and 30% in units of UCIs) and 40% (of which 20% cash and 20% in units of UCIs) over a 4-year horizon of deferral.

The pay-out scheme is shown below:

ACCRUAL SCHEDULE	2022	2023	2024	2025	2026
CASH (50%)	30%		5%	5%	10%
FINANCIAL INSTRUMENTS (50%)	30%	10%	5%	5%	

SETTLEMENT SCHEDULE	2022	2023	2024	2025	2026
CASH (50%)	30%		5%	5%	10%
FINANCIAL INSTRUMENTS (50%)		30%	10%	5%	5%

Scheme 6

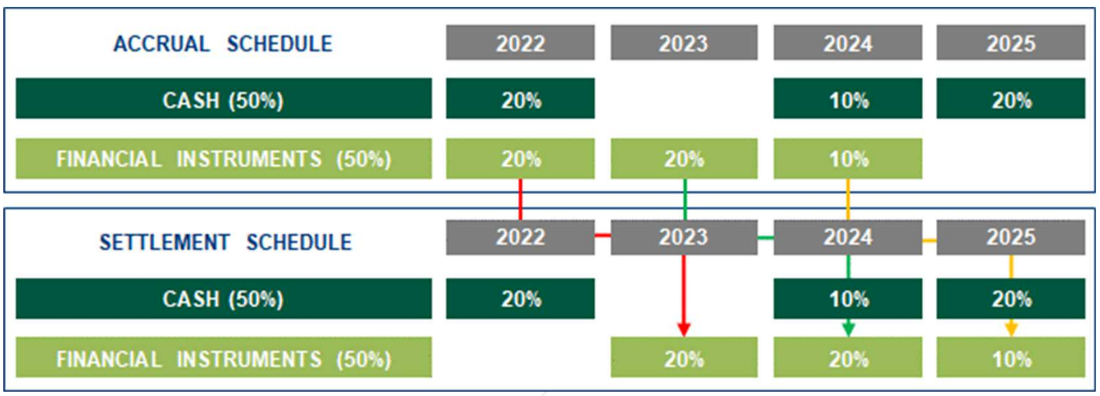
In cases where:

- the **Legal Entity Risk Takers belonging to the Fund Managers category** accrue a variable remuneration **higher than the materiality threshold and between 100% and 200% of the fixed remuneration**,

- **the other Legal Entity Risk Takers NOT belonging to the Fund Managers category** accrue a variable remuneration **higher than the materiality threshold** and **higher than 100% of the fixed remuneration**,
- **the personnel** (not Risk Taker) **belonging to the Fund Managers category** accrue a variable remuneration **higher than the materiality threshold** and **between 200% and 300% of the fixed remuneration**,

40% up-front will be paid (of which 20% in cash and 20% in units of UCIs) and 60% (of which 30% cash and 30% in units of UCIs) over a 3-year horizon of deferral

The pay-out scheme is shown below:



Scheme 7

In cases where:

- **Legal Entity Risk Takers belonging to the Fund Managers category** accrue variable remuneration **higher than the materiality threshold** but **equal to or lower than 100% of fixed remuneration**,
- **the other Legal Entity Risk Takers** not belonging to the the Fund Managers category accrue variable remuneration **higher than the materiality threshold** but **equal to or lower than 100% of fixed remuneration**,
- **personnel** (not Risk Takers) **belonging to the Fund Managers category** accrue variable remuneration **exceeding the materiality threshold and between 100% and 200% of fixed remuneration**,
- **Middle Management and Professionals** (not belonging to the Fund Managers category) accrue variable remuneration **higher than the materiality threshold and 100% of fixed remuneration**,

60% is paid up-front (of which 30% in cash and 30% in units of UCIs) and 40% (of which 20% in cash and 20% in units of UCIs) over a 3-year time horizon.

The pay-out scheme is shown below:

ACCRUAL SCHEDULE	2022	2023	2024	2025
CASH (50%)	30%		7%	13%
FINANCIAL INSTRUMENTS (50%)	30%	13%	7%	

SETTLEMENT SCHEDULE	2022	2023	2024	2025
CASH (50%)	30%		7%	13%
FINANCIAL INSTRUMENTS (50%)		30%	13%	7%

Scheme 8:

In cases where:

- **Legal Entity Risk Takers** (not belonging to the Fund Managers category) accrue variable remuneration **higher than 100% of fixed remuneration** but **equal to or lower than the materiality threshold**,
- **Middle Management** and **Professionals** (not belonging to the Fund Managers category) as well as **personnel** (not Risk Takers) **belonging to the Fund Managers category** accrue variable remuneration **equal to or lower than 100% of fixed remuneration** but **exceeding the materiality threshold** or **exceeding 100% of fixed remuneration** but **equal to or lower than the materiality threshold**,

payment is fully in cash, of which 60% is paid up-front and 40% over a 2-year time horizon.

The pay-out scheme is shown below:

ACCRUAL SCHEDULE	2022	2023	2024
CASH (100%)	60%		40%

SETTLEMENT SCHEDULE	2022	2023	2024
CASH (100%)	60%		40%

5.7 Long-Term Incentive Plans

To those who expatriate from Italy but have an Italian employment contract, it is also assigned a long-term variable component paid through:

- o the Performance-based Option Plan (POP) addressed to Intesa Sanpaolo Group Risk Takers and Key Managers;

- the LECOIP 2.0 Plan addressed to Legal Entity Risk Takers, Middle Managers (not included in the POP) and the Remaining Personnel.

The detailed description of the Long-Term incentive Planes is contained in ISP Group Remuneration and Incentive Policies.

5.8 Termination of the employment agreement

The Termination of the service of employees for retirement purposes does not invalidate the right to receive the outstanding payments. In all other cases, as rule the outstanding payments are not due unless the Company decides in a different way.

Focus: ex-ante individual severance agreement
In compliance with the principles contained in the Group's Code of Ethics, the Intesa Sanpaolo Group does not sign individual ex-ante agreements with its employees (ie, prior to the termination of the employment relationship) which regulates the agreed compensation in the event of early termination of the employment agreement.

5.8.1 Severance pay

In compliance with the Group Policies that implement the Supervisory Provisions of the banking sector with regard to remuneration, and with reference to the rules set out for Severance Pay, the asset management company applies the rules defined at the Ultimate Parent Company level that is Intesa Sanpalo Group.

In this regard, according to the Regulatory Framework on remuneration, the payment agreed in any way and/or form in view of or upon early termination of the employment agreement or early termination of office for the amount exceeding the provisions of the Italian National Collective Bargaining Agreement (NCBA) concerning payments related to the indemnity for failed notice (where required) constitutes the so-called severance. The non-competition agreement is included among these, depending on the total amount paid.

The following is a representation of the compendents of the severance, in compliance with the Supervisory Provisions and the Group Policies:

NOT included in the severance amount:	**Included in the severance amount:**
Indemnity for failed notice as provided by the NCBA	**Indemnity for failed notice for the amount** exceeding the provisions of the NCBA
	Settlement agreement
Non-competiton agreement (amount equal to the last year fixed remuneration)	**Non-competiton agreement** (amount that exceeds the last year fixed remuneration)

With regard to the components that are included in the severance payment, the applicable Supervisory Provisions require that the limits and criteria to be submitted to the approval of the Resolutions of the Shareholdersshould be defined ex ante.

5.8.2 Maximum limits

Based on international and national best practices, the ISP Group has set a maximum limit equal to **24 months of the fixed remuneration** for compensation paid by way of severance. The adoption of this limit can lead to a maximum disbursement of **740,000 euro**[19].

5.8.3 Accumulation of severance with variable remuneration

As required by Bank of Italy Supervisory Provision and in compliance with EBA guidelines, the compensation paid by way of severance is included in the calculation of the variable-to-fixed remuneration ratio of the last year of employment at the Company.

In particular, the compensation paid by way of severance is added to the bonus due for the last year of employment at the company, excluding those compulsorily paid pursuant to national employment legislation and the amounts agreed and recognised:

- based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed last year's fixed remuneration;
- within an agreement reached in order to settle a current or potential dispute (independently from the context in which the agreement is drawn up), if calculated according to a predefined calculation formula approved previously by the Shareholders' Meeting.

The Company, in compliance with ISP Group Policies, adopts the following formula differentiated by cluster of personnel and indexed to the number of years of employment at the company.

[19] The fixed remuneration includes the gross annual remuneration, the Company's contributions to the pension fund and any role allowance and/or remuneration received for the office and not transferred.

Employees assigned a job title as part of the Global Banding System

Company Tenure (years)	Severance
Up to 2 years	2 months of fixed remuneration
More than 2 and up to 21	2 months of fixed remuneration + half month for each year of employment (starting from the third year)
More than 21	12 months of fixed remuneration

Remaining personnel

Company Tenure (years)	Severance
Up to 2 years	1 month of fixed remuneration
More than 2 and up to 21	1 month of fixed remuneration+ a quorter of month for each year of employment (starting from the third year)
More than 21	6 months of fixed remuneration

5.8.4 Payment methods

The components included in the severance are treated as variable remuneration and as such they are subject to the payment methods reported in the paragraph 5.6 defined in accordance with the Supervisory Provisions, the Regulation and depending on the category of personnel, the amount and its incidence with respect to the fixed remuneration.

5.8.5 Criteria

In Intesa Sanpaolo Group, the principles for the definition of severance - inspired to both the correlation between severance pay and ongoing performance criteria and the control of potential litigations – are:

- protecting the level of sound capital base required by the Regulations;
- "no reward for failure";
- unobjectability of individual behaviour (consistency with compliance breach absence criteria).

Please also note that the same activation (see paragraph 5.5.1), individual access (see paragraph 5.5.6), malus (see paragraph 5.5.9) and clawback conditions (see paragraph 5.5.10) set for variable remuneration for each population cluster are applied to severance.

The payments set for early termination of the employment relationship or for early termination from the office are subject to the aforesaid Regulations only in cases where this would not be contrary to the provisions of law relating to the early termination of the employment relationship in a single country, or to the provisions laid down by the authority.

5.9 Remuneration of Delegates

In the event of the delegation of portfolio management or risk management of UCITS, the Compliance Desk verifies that:

a) the delegate is subject to remuneration obligations equivalent to those applicable to the Company;
b) the Investment Management Agreement in place contains clauses such as to avoid possible circumvention of the law. In particular, the management delegation contract should explicitly include in the notion of remuneration all the payments made in favor of the "Risk Takers" of the delegated subject as compensation for the execution of portfolio management or risk management activities on behalf of the manager.

The equivalence of the rules applicable to the delegated manager shall be deemed to be respected if (i) the delegate is subject to the CRD, UCITS or AIFM about remuneration disciplines; and (ii) the most relevant staff of the delegate are subject to the rules of CRD, UCITS or AIFM in remuneration disciplines.

5.10 Hedging strategy

The Company does not pay or grant payments or other personnel benefits through vehicles, tools or methods that are in any case elusive of the regulatory provisions.

The Company, in line with the provisions adopted by the Parent Company, requires its personnel, through specific agreements, not to use personal hedging strategies or insurance on remuneration or other aspects that may alter or undermine the risk alignment effects inherent in the Remuneration and Incentive Policies and the related compensation mechanisms adopted by the ISP Group and FAMI. To this end, within the scope of the rules for implementing the Remuneration and incentive policies, the Intesa Sanpaolo Group also defines the types of financial transactions and investments that, if made, directly or indirectly, by the ISP Group and Legal Entity Risk Takers could constitute forms of hedging with respect to exposure to risks deriving from the attribution of shares of the Parent Company or instruments connected to them and following the application of the remuneration and incentive Policies.

These types of financial transactions and investments are:

#	Financial Instruments category	Description
1.	Derivative instruments (non-securitised) having as underlying ISP shares	Financial instruments that allow directly or synthetically to take a short position on Intesa Sanpaolo shares: - purchase of put options on ISP shares - sale of call options on ISP shares

		- linear combinations of the above options (synthetic forwards, collars, etc.) - repurchase agreements on ISP shares (securities lending from brokers on ISP securities and corresponding sale on the market) - Total Return Equity Swap on ISP shares or Contract for Difference on ISP shares - other derivative instruments (non-securitised) with underlying ISP shares.
2.	Derivative instruments (non-securitised) with ISP reference entity	Financial instruments that allow directly or synthetically to take a short position on the Intesa Sanpaolo name: - Purchase of protection through Credit Default Swaps with ISP reference entity - Repurchase agreements on ISP bonds (securities lending from brokers on ISP securities and corresponding sale on the market) - Total Return Swaps on ISP bonds - other derivative instruments (non-securitised) with underlying ISP bonds
3.	Other derivative instruments (non-securitised) with underlying assets partially linked to ISP securities	Financial instruments similar to those mentioned above on baskets of shares, stock indices, baskets of names, credit indices where ISP is present with a weight exceeding 20%.
4.	Short investment instruments (other than non-securitised derivatives) linked to the ISP security	Other financial instruments (such as Certificates and ETFs) with a short investment strategy with underlying: - ISP share - ISP bonds - indexes directly connected to ISP (e.g. ISP Credit Spread) - derivatives in turn connected to an ISP share or bond (ISP stock futures) - basket of shares, stock indices, basket of names, credit indexes where ISP is present with a weight exceeding 20%. In general, these are financial instruments (other than non-securitised derivatives) which (with or without

		leverage) benefit from the decline in the value of the underlying. In this regard, the replication of the reference underlying is exactly the opposite of its actual performance, allowing the investor to bet against the underlying asset (and to obtain profits even in bear market circumstances).

The prohibition on hedging strategies is also applicable to the managed UCIs assigned to the personnel of the SGR.

It should be noted that the types of financial transactions and investments as described in the abovementioned points 1, 2 and 3 are already prohibited according to Article 5 of the ISP Group Internal Code of Conduct. With reference to the transactions in point 4 (i.e. short investment instruments (other than non-securitised derivatives) linked to the ISP security), the ISP Group Internal Code of Conduct prevents all employees from carrying out transactions with leverage effect; however, in order to align the compensation mechanisms to risks, the investment transactions in financial instruments linked to the ISP security without leverage as per the aforementioned point 4 are also prohibited by these Provisions.

With reference to ISP Group Risk Takers only:

- the prohibition of carrying out the transactions shown in the table is also extended to the family members of the relevant person, namely:
  - the spouse of the relevant person or other partner equivalent to the spouse according to the national law;
  - the dependent children of the relevant person;
  - any other relative of the relevant person who lived for at least one year with the relevant person at the date of the transaction in question;
- it is forbidden, always and in any case, to initiate – directly or indirectly – transactions in breach of the hedging prohibition, including those on the accounts or deposits on which the Risk Taker has a power of attorney;
- it is required to communicate to the People Management & HR Transformation Head Office Department the existence or activation of custody and administration accounts with other intermediaries not belonging to the Intesa Sanpaolo Group.

The Chief Compliance Officer Governance Area performs sample checks on the employees' compliance with the hedging prohibition, in the context of the controls envisaged by the Regulations on personal transactions.

The prohibition relating to these types of financial transactions and investments is to be considered extended and applicable also to the Company personnel if assignee of shares or instruments connected to them of the Parent Company deriving from Incentive Systems to which it was or is the recipient (e.g. personnel coming from by the Parent Company and transferred to the Company with deferred shares in outstanding shares).

Section C - Criteria for the identification of personnel with a material impact on the risk profile of the asset management Company, the UCITs and the portfolio management companies of FAMI

6 Introduction

In order to graduate the application of the entire discipline according to the effective capacity of the individual figures to influence the risk profile of the Company, of the UCITs and of the portfolio management, a process of identification of the "Risk Takers" is carried out in compliance with the provisions of "*Undertakings for Collective Investment in Transferable Securities*" (Amendment) Regulations 2016 – S.I. No. 143 of 2016.

The criteria to be used in order to assess whether the professional activities of personnel have a material impact on the Company's risk profile must:

- be based on a survey and assessment of individual positions (responsibilities, hierarchical levels, activities carried out, operating powers, etc.);
- take into account the internal organisation of FAMI, the characteristics, size, nature, scope and complexity of the activities carried out, as well as the number and size of UCITs and portfolio management.

6.1 Qualitative and Quantitative criteria

As FAMI is an asset management company belonging to a banking group, the Risk Takers identification process takes place at two levels:

- 1st level: at Group level, in application of the provisions of Commission Delegated Regulation (EU) No. 604 issued by the European Commission on 4 March 2014[20], in accordance with the Directive 2013/36/EU of the 26 June 2013 (CRD IV) as amended by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD V) and the Circular 285 of the 17 December 2013 of the Bank of Italy, represented by the "*Guidelines on Remuneration, Incentives and identification of Risk Takers*";
- 2nd level: at Company level, in accordance with "*Undertakings for Collective Investment in Transferable Securities*" (Amendment) Regulations 2016 – S.I. No. 143 of 2016, and with the "*Criteria for the identification of personnel with a material impact on the risk profile of the asset management company, the UCITs and the portfolio management companies of FAMI*".

[20] It is norworthy that in 2020, in application of the provisions of CRD V, the EBA revised the aforementioned RTS, submitting them to the European Commission which has not yet published the related Delegated Regulation.

The Company provided a self-assessment in order to identify the so-called " Legal Entity Risk Takers" or "Company Risk Takers", that are all those whose professional activities have or may have a material impact on the risk profile of the Company or on the funds managed.

In addition, given that Intesa Sanpaolo Group has implemented EU Delegated Regulation no. 604/2014 in all Group companies through the self-assessment process instructed, some of FAMI's Legal Entity Risk Takers may be identified aslo within the perimeter of the Risk Takers of Intesa Sanpaolo Group (so-called "Group Risk Takers").

This process, carried out by the Human Resources Desk with the support of the Risk Management, Compliance Desk and the Other Desks, is based on an assessment of each individual position in order to verify the relevance of each subject in terms of risks assumptions with respect to the asset management Company and the funds managed.

The Risk Takers perimeter includes:

i. Executive and non-executive members of the Board of Directors, including the Managing Director;
ii. Members of Senior Management who report directly to the Managing Director
    - **Head of Execution Desk;**
    - **Head of Finance[21];**
    - **Head of Human Resources[22];**
    - **Head of Investments;**
    - **Head of Business Support and Operations;**
    - **London Branch Manager;**
    - **Head of Risk Management;**
    - **Head of Compliance.**
iii. Heads of corporate control functions[23]:
    - **Head of Risk Management**
    - **Head of Compliance;**
iv. Employees that individually or collectively assume significant risks for the Company or for the assets managed.

[21].The Head of Finance reports to the Managing Director until the 29th April 2021.
[22] The Head of Human Resources reports to the Managing Director until the 29th April 2021.
[23] The Head of Internal Audit is not identified as Risk Taker at Company level because he/she is outsourced and performed by the Audit Department of the ultimate Parent Company Intesa Sanpaolo.

In order to identify these persons, the Company shall establish the possibility of taking risk positions for the manager or for the managed UCITs, generating profits or affecting the financial position of the funds and of the manager as a whole.

On the basis of the delegated powers and responsibilities assigned, therefore, there are **no other persons** who can take on significant risk position for the Company and/or the managed UCITs.

v. This cluster includes subjects who meet the following both conditions:

   i. Personnel whose total remuneration is in the same wage[24] ranges as sub categories ii) and iv) and

   ii. Personnel that has a substantial impact on the risk profile of the Company, via the Sub-funds managed, according to the delegations of power and the related structure of operational delegation.

According to the above criteria the following individuals have been entitled to a total remuneration in the same wage ranges of sub categories ii) and iv):

- Head of Global Bonds;
- Head of Credit;
- Head of Global Equities;
- Head of Asia & Emerging Markets Equities;
- Head of Quantitative Strategies;
- London Branch Portfolio Manager of Multi Asset Sub-Funds;
- Senior Portfolio Manager of Government Bonds.

However, it is worth noting that **none** of the aforementioned employees has a material impact on the risk profile of the Company, according to the delegations of power and the related structure of operational delegation. In fact, the Board of Directors of the Company has specifically appointed the Head of Investments – for what concerns funds managed in FAMI – and the London Branch Manager – for what concerns funds managed by the London Branch – to implement the decisions taken by the Board, pertaining to investment activities and to define operational limits to be assigned to specific Portfolio Managers.

The Head of Investments and the London Branch Manager:

- support the Managing Director macro-economic and specific market related analysis and proposals for the Company's general investment strategy to be submitted to the Board of Directors;

[24] Wage analysis included: base salary, bonus, and pension fund.

- in relation to the Company's investment strategy and the investment strategies carried out, guide the investment process, carry out specified investment decisions and decide on asset allocation;
- give specific operational powers to a reporting "Head of Functions" or other executives in the specific area of responsibility, within the scope of the conferred role or/and the operational limits given.

The Delegation of Investment Powers are carried out considering the Investments General Guidelines given by the Managing Director in his role of supervisor of the investment activities carried out by the Company. The Managing Director Guidelines states limits for each relevant asset class/portfolio group.

The delegations of operational authority are assigned to specific Portfolio Managers by the Head of Investments and the FAMI London Branch Manager, through specific documents (i.e.: Delegation of Powers and Structure of operational Delegations), which must be accepted by the appointed person.

In particular, the Structure of operational Delegations introduces several and strict operational limits[25] applicable to each Portfolio Manager (in relation to each Sub-fund) in the event of buy/sell trades carried out and/or positions held directly by the relevant Portfolio Manager. Any temporary breach to the operational limits should be authorized by the Head of Investments or the London Branch Manager, to whom FAMI's Board of Directors has assigned Powers to implement all resolutions affecting the investment activities. The assigned delegation of operational authority is valid until it is revoked and authorizes the appointed person to implement, relative to the portfolio to which the delegation refers, buying / selling operations

[25] By means of example (the list is not intended to be exhaustive and is for illustrative purposes only):

- Bond: duration limit, delta duration versus benchmarck, maximum exposure per single issuer (Investment grade and high yield) on NAV, total maximum exposure on corporate high yield on NAV, total maximum exposure of emerging markets bond calculated on NAV, maximum exposure per sovereign issuer on NAV, maximum exposure per corporate issuer on NAV, maximum exposure per Co.Co. bonds on NAV, maximum exposure per distressed securities on NAV, off benchmark securities maximum exposure on assigned portfolio, minimum market exposure calculated on NAV, total securities outside the opportunity set, maximum exposure not rated securities on assigned portfolio per Sovereign and Corporates in Benchmark, maximum exposure not rated securities on assigned portfolio per Sovereign and Corporates off-Benchmark, maximum exposure unlisted securities on assigned portfolio per Sovereign and Corporates in Benchmark;
- Equity: maximum net exposure on NAV, maximum exposure per single issuer on NAV, off benchmark securities maximum exposure on assigned portfolio;
- Commodity: maximum exposure on NAV;
- Derivatives: maximum exposure per OTC derivatives in absolute value on NAV, maximum exposure per credit derivatives in absolute value on NAV, maximum exposure per TRS in absolute value on NAV, maximum exposure per structured securities in absolute value on NAV;
- UCITS: maximum overall exposure on NAV, maximum exposure per single fund on NAV;
- Currency exposure: maximum exposure per single currency on NAV, maximum total exposure non-euro developed countries currencies on NAV, single position maximum exposure on non-Euro Developed Country currency on NAV.

in compliance with the strategies and limits deliberated by the Board of Directors of the Company and of the Managing Director.

By applying the aforementioned criteria v.i) and ii) **no Legal Entity Risk Takers have been identified**.

In order to summarize the outcome of the Risk Takers' identification process described above, please find below the list of Risk Takers identified:

i. Executive and non-executive **members of the Board of Directors**, including the **Managing Director**;

ii. Members of Senior Management who report directly to the Managing Director:
- **Head of Execution Desk;**
- **Head of Finance**[26]**;**
- **Head of Human Resources**[27]**;**
- **Head of Investments;**
- **Head of Business Support and Operations;**
- **London Branch Manager;**
- **Head of Risk Management;**
- **Head of Compliance.**

iii. Heads of corporate control functions:
- **Head of Risk Management;**
- **Head of Compliance;**

iv. Employees that individually or collectively assume significant risks for the Company or for the assets managed: **no subject has been identified**, in addition the Head of Investments, already identified within the previous category n° ii)**;**

v. Personnel whose total remuneration is in the same wage[28] ranges as sub categories ii) and iv) and that has a substantial impact on the risk profile of the Company: **no subject has been identified**.

Finally, it is noteworthy that the **Managing Director** and **all those** who are identified **under the criteria ii) and iii)** are also Risk Taker at Intesa Sanpaolo Group level and, thus, are classified as "**Group Risk Takers**".

The aforementioned Risk Takers identification process takes into account the internal organization (organization relatively simple respect to the size, mainly due to the ownership (100%) by an Italian

[26] The Head of Finance reports to the Managing Director until the 29th April 2021.

[27] The Head of Human Resources reports to the Managing Director until the 29th April 2021.

[28] Wage analysis included: base salary, bonus, benefit and pension fund.

Parent Company which allow the outsourcing of some functions and activities, short structure, organizational levels, absence of committees with decision-making powers, etc.), operational (concentration of powers and delegations in charge of senior level managers; the overall complexity of FAMI appears relatively limited and coherent with the size and with the internal organization; the firm manages solely UCITS products and, although the range of funds offered is ample, the complexity of the vast majority of the strategies applied on the funds is not high; the strategies are mostly based on the market direction, on relative value between securities or on allocation among asset classes) and size (about 65 resources) of the Company.

7 Disclosure

The information on the remuneration of the Company staff is reported in the Annual Report of the Funds managed.

The prospectus of the managed funds describes updated information on the Remuneration Policies or the website where those pieces of information are disclosed.

In accordance with the provisions within the ESMA Guidelines, the asset management company shall prepare an annual report with the criteria and principles underlying the definition of the Remuneration Policies.

The Remuneration Policies of the Company and its updates are published on the corporate intranet in order to make it accessible to employees of the Company.