



**SUMMARY OF THE REMUNERATION AND
INCENTIVE POLICIES OF EURIZON CAPITAL REAL
ASSET SGR S.p.A.**

2020

INTRODUCTION

The “*Remuneration and incentive policies of Eurizon Capital Real Asset SGR S.p.A.*” (the “Policies”) are prepared based on the Remuneration and Incentive Policies of Eurizon Capital SGR (the “EC SGR”) in keeping with the Remuneration and Incentive Policies of the Intesa Sanpaolo Group and, if not in contrast, nor regulated or more restrictive, in compliance with European regulations (on UCITS and AIFM) and national regulations (Bank of Italy Regulation of 5 December 2019 implementing Articles 4 undecies and 6(1), b), c-bis) of the Consolidated Finance Act (TUF) (“Bank of Italy Regulation of 5 December 2019”), that govern the asset management sector.

Based on applicable sector regulations, in particular on the scale of net managed assets, the Company has opted to classify itself as a “significant manager”¹ in view of the SGR's development plan and the possibility - based on the type of customers serviced - of reaching these volumes also in advance of the long-term plan approved on its establishment.

Therefore, the SGR applies the entire regulation, adopting the most stringent requirements of applicable regulations.

The “*Remuneration and incentive policies of Eurizon Capital Real Asset SGR S.p.A.*” consist of three sections:

- “*Section I: Procedures for adopting and implementing the Remuneration and Incentive Policies*” which describe the roles and responsibilities of Corporate Bodies and internal entities of the SGR to adopt and update the Policies;
- “*Section II: Remuneration and incentive principles, systems and tools*”, that describe the remuneration and incentive systems of the SGR and relative adoption and implementation procedures;
- “*Section III: Rules for identifying personnel that have a significant impact on the risk profile of the Group and the SGR or on managed assets*”, that describes the principles and criteria used to identify personnel that have a significant impact on the Company's risk profile.

SECTION I: PROCEDURES FOR ADOPTING AND IMPLEMENTING THE REMUNERATION AND INCENTIVE POLICIES

The *Shareholders' Meeting* of the SGR (i) approves and reviews on an annual basis the adoption of the Remuneration Policies referred to members of the Board of Directors, Board of Statutory Auditors and personnel of the SGR, including financial instrument-based remuneration plans, and the criteria for determining sums to pay in the event of early termination of employment, (ii) determines the remuneration of the Board Directors and members of the Board of Statutory Auditors, (iii) approves, if applicable and where required by the Group Remuneration and Incentive Policies and when the Shareholders' Meeting is in favour, with the majorities established by applicable legislation, a limit on the ratio between the variable and fixed component of individual remuneration of personnel which is higher than 1:1. The Shareholders' meeting is also informed at least annually (i) on the procedures followed to implement the remuneration and incentive policies (ex post reporting), broken down by roles and functions (ii) on the outcomes of controls conducted by the Internal Audit function and on the adoption of any corrective measures.

The *Board of Directors* defines, puts to the Shareholders' Meeting and reviews annually the SGR's Remuneration Policies and ensures they are consistent with overall choices in terms of risk assumption, the

¹ For the purposes of this classification, the following are considered in particular: the type, number, and size of the UCITS and the AIFs managed and any other activities carried out (e.g. portfolio management, pension fund management); the amount of assets managed under mandate or agreement; the fact that the manager has shares listed on a regulated market; the proximity to the size levels of significant managers (the required compliance with the overall regulations becomes stricter as the amount of assets managed exceeding the levels increases); the additional proportionality criteria identified in paragraphs 29 and 30 of the ESMA guidelines implementing the AIFMD and in paragraphs 25 and 26 of the ESMA guidelines implementing the UCITS Directive.

long-term objectives and strategy, corporate governance structure and internal controls. When defining the Remuneration Policies, the Board of Directors involves competent company functions in the process, each for their own area of responsibility.

The SGR - as indicated in the Bank of Italy Regulation of 5 December 2019 - has given the *Remuneration Committee* of the parent company Eurizon Capital SGR S.p.A. the task of advising and making suggestions to the Board of Directors of Eurizon Capital Real Asset SGR S.p.A. in activities concerning remuneration. This Committee is composed of non-executive members, the majority of whom are independent including its Chairman². To perform its tasks in an effective and responsible manner, the Committee has access to all the relevant company information for that purpose.

The *Human Resources Department* coordinates the process to define and manage the SGR's Remuneration policies, assisting the *Remuneration Committee* of the parent company Eurizon Capital SGR S.p.A.. The *Risk Management Function* takes part in the process to define the Policies, assessing the alignment of the remuneration structure with the Company's risk profile, while the *Compliance & AML Function* checks that the Policies are consistent with objectives of compliance with regulations, the articles of association as well as the Code of Ethics or other standards of conduct applicable to the Company or Group, in order to limit the undertaking of legal and reputational risks. On an annual basis, at the end of the Policies application cycle, the *Internal Audit Function* checks the compliance of remuneration practices with the approved Policies and their alignment with applicable regulations. The outcomes of controls are notified annually to the Shareholders' Meeting.

SECTION II: REMUNERATION AND INCENTIVE PRINCIPLES, SYSTEMS AND TOOLS

The purpose of the SGR's remuneration and incentive policies is to align the conduct of management and personnel with the interests of all Stakeholders, focussing on the achievement of medium/long term sustainable objectives, in the context of a prudent assumption of current and future risks , and contributing to make the SGR and Group an “*Employer of choice*” in terms of its ability to attract, motivate and retain the best resources.

In particular, the SGR's remuneration and incentive policies are based on the following principles:

² The current members of the Remuneration Committee of the parent company Eurizon Capital SGR are: Daniel Gros (Chairman), Fabrizio Gnocchi and Federica Seganti of Eurizon Capital Real Asset.



STAKEHOLDER INTERESTS

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



CORRELATION BETWEEN REMUNERATION AND RISKS UNDERTAKEN

- steering the conduct of management and personnel towards achieving objectives within a **framework of rules** that target the control of company risks
- remuneration systems aligned with policies on the prudent management of **financial and non-financial risks** (including legal and reputational risks), in line with indications in the Group Risk Appetite Framework
- definition of a fixed component that is sufficiently high to enable the variable part to be decreased considerably and reset to zero if certain conditions occur



GUIDANCE FOR MEDIUM/LONG TERM OBJECTIVES considering the Risk Tolerance of the Group, Division and SGR

- definition of a set of Incentive Systems that:
 - take into account the **risk/return profile of various managed assets**;
 - make it possible to steer performance over an **accrual period which is longer than annual** and to share the **medium/long term results** of implementing the Business Plan



MERIT

- salary flexibility**: bonuses are related to results achieved and risks undertaken
- competitiveness**: focus on key resources and managerial top quality, that will be assigned a salary position which is competitive in relation to the market
- allocation** of higher-than-average bonuses to the best performers



FAIRNESS

- correlation** between fixed remuneration and the level of responsibility, measured through the global banding system or seniority/professional role
- differentiation** between salary targets and the impact of the variable component on global remuneration, based on the professional group and/or geographic market, with the same banding group or seniority/professional role
- Focus on the **gender pay gap**



SUSTAINABILITY: Reduction of costs arising from the adoption of policies to values that are compatible with economic/financial assets

- selective actions targeting fixed remuneration based on rigorous **market benchmarks**
- mechanisms to **adjust provisions** earmarked to fund the bonus pool, based on the profitability of and the results achieved by the SGR, division and the Intesa Sanpaolo Group
- appropriate caps** on both the bonus pool and scale of individual bonuses



COMPLIANCE WITH LEGAL REQUIREMENTS

- compliance with **legal and regulatory provisions, with codes of conduct and other self-governance provisions** with a focus on Risk Takers and corporate control functions
- fairness in customer relations**

SEGMENTATION OF PERSONNEL

The SGR's remuneration and incentive policies are based on personnel segmentation logics that make it possible to put principles of merit and fairness in an operational context, in order to appropriately differentiate total remuneration, and also establish remuneration mechanisms that are specific for different personnel clusters, with a particular focus on resources that have an impact in regulatory terms, to whom more stringent requirements apply.

In adopting these logics, Company personnel can be divided into three macro-segments:

- *Risk Takers*;

- *Middle Management*³;
- *Professionals*.

IDENTIFICATION OF RISK TAKERS

As the company is an SGR belonging to a banking group, the identification of “*Key personnel*” (“*Risk Takers*”), i.e. the categories of people whose professional activities have or may have a significant impact on the risk profile of the SGR or managed products, takes place (i) at a Group level, in compliance with banking regulations (CRD IV) and (ii) an SGR level, as provided for by asset management sector regulations.

The following persons are therefore classified as “*Key Personnel*”:

- executive and non-executive members of the Board of Directors;
- persons who directly report to senior management, as well as persons who directly report to the Board of Directors, the Chief Executive Officer and Board of Statutory Auditors;
- personnel of corporate control functions;
- other persons who alone, or collectively, undertake risks in a way that is significant for the SGR or managed CIUs;
- other persons whose remuneration comes in the same band as categories ii) and iv).

STRUCTURE OF REMUNERATION

The structure of SGR personnel remuneration includes:

- the *fixed component*, defined based on the contractual framework, the role hold, the responsibilities assigned, the particular experience and expertise of the employee.
- the *variable component* (short and long term) related to the services provided by personnel and symmetrical with the results actually achieved and risks prudentially undertaken.

It is a practice of the Group and SGR to establish *ex-ante* balanced, maximum limits for the variable remuneration of all personnel segments, by defining specific *caps* on bonus increases in relation to any *over-performance*.

In compliance with applicable sector regulations, as well as the Intesa Sanpaolo Group Remuneration Policies, a maximum limit on variable remuneration in relation to fixed remuneration has been set at:

- 400% for personnel of Managers (including *Risk Takers*)⁴;
- 200% for *Risk Takers* identified at a Group level not belonging to Corporate Control Functions and for personnel belonging to the commercial area dedicated to the *captive* market;
- 100% of fixed remuneration for the other roles not belonging to the Corporate Control Functions;
- 33% of fixed remuneration for the roles belonging to the Corporate Control Functions.

After setting up the AIF, the SGR may also arrange for some members of personnel to have an additional variable component of remuneration in the form of carried interest, i.e. the parts of profit of the AIF received by personnel for managing the AIF⁵.

Focus: Carried Interest

With reference to personnel of the Company's "Investments" segment, after the AIF has been set up, carried interest may be assigned as an additional component of variable remuneration. This entails using participating instruments with consolidated rights, i.e. with a profit participation that is proportionally higher than that of other investors.

The introduction of this instrument is aimed at consolidating and aligning the interests of management with

³ This term means all Managers of Organisational Units not already included in Risk Taker clusters.

⁴ In compliance with the possibility provided for by Supervisory Provisions on remuneration ("Remuneration and incentive policies and practices", Part IV - Chapter 2 of the Bank of Italy Circular no. 285 of 17 December 2013, adopted to enact the Directive CRD IV) published in the Gazzetta Ufficiale della Repubblica Italiana [Official Gazette of the Republic of Italy] on 12 November 2018

⁵ The term variable remuneration does not include the pro-rata portion of profit assigned to members of personnel based on any investments they make in the AIF, provided this is proportional to the actual percentage of participation in the AIF and not higher than the return paid to other investors. To correctly adopt the regulations, managers must therefore be able to clearly identify the portions of profit that exceed the pro-rata profit of investments and that are classified as carried interest.

Focus: Carried Interest

those of investors.

Therefore, carried interest will be paid if a minimum return is achieved, at a later time, in line with market best practices and applicable regulations. In particular, carried interest will be paid:

- if a certain minimum return threshold (hurdle rate) is exceeded;
- according to the European Waterfall model (“on a whole fund basis”), i.e. calculated and paid only at the end of the lifetime of the entire investment.

For this personnel, the limit on the ratio between variable remuneration and fixed variation of more than 200% and up to a maximum of 400% (see section 4.2) may only be reached by adopting this mechanism.

This last type of variable remuneration is not planned for 2020 and therefore the limit on the ratio between variable and fixed remuneration will be 200% for Manager personnel (including Risk Takers).

The remuneration cannot be paid in any form, instrument or manner that circumvents the regulatory provisions.

ANNUAL INCENTIVE SYSTEMS

The annual incentive systems adopted by the SGR, in compliance with Intesa Sanpaolo Group provisions:

- are geared towards the achievement of the medium and long term objectives set out in the Business Plan;
- take into account the Group Risk Appetite and Risk Tolerance - as indicated in the RAF - as well as the risk/return profile of various managed assets;
- are aimed at promoting objectives that create value for the current year, in a framework of sustainability, given that the bonuses paid are related to available financial resources.

The operating mechanisms and main characteristics of the annual incentive systems are described below:

STEP	PURPOSE	MECHANISM	
BONUS POOL	Solidity and sustainability based on a prudential logic	Gates Funding and	<ul style="list-style-type: none"> the bonus pool is only activated if the fundamental capital and liquidity requirements, i.e. the minimum regulatory conditions for stability, are met and if the economic/financial sustainability condition of the Group, Parent Company and SGR exists the funding level of the bonus pool (quantum) at a Division level, of which the portion assigned to the SGR is a part, is defined based on available resources arising from financial/economic results achieved, adjusted for non-financial risks undertaken
BONUS ALLOCATION	Guidance on conduct and managerial action in line with the medium and long term objectives of the Business Plan and with a view to preventing risks	Group Incentive Systems	INCENTIVE SYSTEMS BY POPULATION CLUSTER Incentive system for all Group Risk Takers and for company Risk Takers and Middle Management not belonging to the managers segment
			INCENTIVE SYSTEMS BY BUSINESS SEGMENT Incentive system for Personnel belonging to the Managers Segment (company Risk Takers, Middle Management and Professionals)
BONUS PAY-OUT	Correction of conduct/monitoring of the effects of managerial action over time	Individual access conditions	If the individual access conditions do not occur, the bonus will not be paid, and the payment of deferred portions in the year will be cancelled
		Malus condition	If malus conditions (symmetrical to gate conditions) do not occur, the deferred portions of the bonus to pay in the year are decreased, even setting the bonus to zero
		Claw-back	Return of bonuses already received following disciplinary measures imposed due to the fraudulent conduct or the serious misconduct of personnel

All the staff incentive and bonus systems of the SGR are subject to the following types of conditions:

- activation conditions at a Group level inspired by principles of financial sustainability of the variable component of remuneration;
- financing conditions of a structured financing mechanism at a Group and *Asset Management* Division level;
- individual access conditions.

If the above conditions are not met, the incentive systems for the SGR's personnel are not implemented. This system aims at rewarding best performances, with a view to optimising the risk/return ratio, also considering the results of the SGR and managed assets, by assigning objectives *ex-ante* and evaluating *ex-post* the results achieved in relation to assigned objectives.

In keeping with Group Policies,⁶ and as the SGR is in the start-up stage, a specific annual Incentive System has been put in place, for Risk Takers and Middle Management, aimed at promoting the achievement of the growth objectives in the company start-up plan for the time necessary for the Company to achieve a positive and/or minimum profitability level (up to a maximum of three consecutive years), in a wider-ranging Group context in which the capital strength, liquidity and sustainability conditions are met.

To determine the incentive due, the Company's performance is measured in relation to the milestones defined in the specific long-term company plan and, in any case, in terms of improvement year on year, in line with the medium/long term objectives that characterise all Group Incentive Systems.

In compliance with the principle of sustainability, the maximum incentive that may be accrued is in any case moderate and compatible with the Company's economic/financial context.

Stricter remuneration conditions apply to "key personnel" and persons given short term variable remuneration higher than 100% of fixed remuneration, such as:

- deferment, or payment of a part of the bonus in years following the maturity of the up front amount (which

⁶ Which envisage ad hoc incentive systems for the Group's Legal Entities in the start-up stage.

- occurs in the year following measurement of the performance);
- assignment of a part in cash and a part in Certificates issued by Intesa Sanpaolo and with a balanced basket of ETFs representing the investment strategies of products managed by the SGR as the underlying, with assignment to employees of the cash equivalent of this basket;
 - a retention mechanism for units of assigned Certificates;
 - an ex-post correction mechanism, such as *malus* clauses.

In particular, for “Key personnel” as well as personnel who receive variable remuneration of particularly high amount, the following applies⁷:

- Deferment from 40% to 70% of the variable component, assigned in instalments over a time horizon from 3 to 5 years;
- the assignment of a significant portion (equal to at least 50%) as financial instruments, through the assignment of units of Certificates, equally balanced between up front remuneration and deferred remuneration;
- a holding period of assigned units of Certificates (two years for the up front component and one year for the deferred component).

The deferred part is subject to remaining with the Group, at the end of the deferment period/deadlines indicated for the assignment of units of Phantom Certificates, save for provisions in the event of termination of employment, as well as *ex-post* correction mechanisms, such as: (i) “*malus conditions*”, according to which the amount paid and/or the number of units of Certificates may be reduced, even to zero, in the financial year in which the deferred part is paid); (ii) activation of the claw-back mechanism i.e. to return bonuses already paid, if negative events occur directly attributable to the conduct of the person that affect the sustainability of the results of the Company or managed assets.

In particular, Phantom Certificates are units of measurement that virtually represent the Certificates issued by the Parent Company Intesa Sanpaolo.

The Certificates have balanced baskets of Exchange Traded Funds (ETF) as the underlyings, representing the investment strategies of products managed by the SGR. These Certificates will be signed by the SGR for a value equal to the part of variable remuneration accrued, to pay in the form of financial instruments. Under no circumstances may Certificates be underwritten by employees.

On the accrual of variable remuneration, employees will be assigned a number of Phantom Certificates proportional to the value of the part of variable remuneration to pay in the form of financial instruments and, after any deferment period and after the retention period has expired, said will be assigned the equivalent economic value of the Phantom Certificates

The SGR had defined a threshold for identifying the so-called “Significant bonus”, equal to 80,000 euro, below which amounts are paid up front and entirely in cash, on condition that the variable remuneration received is equal to or less than 100% of the fixed remuneration.

⁷ It is expressly prohibited for an individual employee to undertake personal hedging strategies or insurance policies on remuneration or on other aspects that may alter or invalidate the effects of alignment to the risk of the remuneration mechanisms described.

With specific reference to the Managers category, variable remuneration is defined taking into account the risk/return profile of various managed assets in order to steer and reward best performances and also to align incentive systems with the interests of investors/customers. In determining the variable remuneration of managers, the SGR also takes account of the complexity of the activities of each Manager, as well as the achievement of individual quality objectives the purpose of which is to reward not only the quantitative result, but also how the result was achieved.

As part of the second level Collective Agreement of the Intesa Sanpaolo Group, a *Variable Result Bonus* (PVR), has been set up for Professionals.⁸ The is one of the productivity bonuses referred to in the National Collective Bargaining Agreement for the Credit Sector, and is negotiated with Trade Union Organisations.

The PVR has a distribution/participation purpose, as it rewards employees for their collective contribution to achieving the year's results, and an incentive purpose, because - only as regards the so-called excellency quota, it rewards team merit and performance.

The operating mechanisms and main characteristics of the PVR are shown below.

STEP	PURPOSE	MECHANISM	
BONUS POOL	Solidity and sustainability based on a prudential logic	Gates Funding and	<ul style="list-style-type: none"> the PVR bonus pool is only activated if the fundamental capital and liquidity requirements are met, or the minimum regulatory conditions for Group stability are met the PVR is funded by the Group bonus pool through a mechanism that provides for gradual increases in financial resources serving the PVR up to a maximum limit (cap), if the Gross Profit on Continuing Operations of the Group exceeds the Access Threshold
BONUS ALLOCATION	Distribution	BASIC BONUS	<ul style="list-style-type: none"> regardless of the category, professional role held and seniority accrued aimed at rewarding all Group employees for their collective contribution to achieving annual results, as well as supporting lower salaries, from the viewpoint of internal fairness
	Participating	ADDITIONAL BONUS	<ul style="list-style-type: none"> differentiated by organisational role/seniority and professional group aimed at empowering specific contributions to Group rules, based on the professionalism shown
	Incentive	EXCELLENCE BONUS	This bonus is based on the performance level reached and is assigned at the discretion of the Direct Manager, with priority for higher levels of professional evaluation, within the limits of the assigned bonus pool, also considering the principle of internal fairness
BONUS PAY-OUT	Correction of conduct/monitoring of the affects of managerial action over time	Individual access conditions	If the individual access conditions do not occur, the bonus will not be paid, and the payment of deferred portions to allocate in the year will be cancelled
		Claw-back	Return of bonuses already received following disciplinary measures imposed due to the fraudulent conduct or the serious misconduct of personnel

As regards the definition of long term incentive plans, the Intesa Sanpaolo Group continues to search for innovative ways of motivating and retaining its resources, whose involvement and empowerment, at all levels of the organisation, are key factors and drivers for achieving results. In line with the principles of inclusivity and cohesion, the Group considers that share ownership promotes identification (*ownership*), alignment with medium/long term objectives and is a good way to share value created over time.

⁸ As defined by Article 52 of the National Collective Bargaining Agreement adopted for managers and personnel of professional areas who are employees of credit, financial and instrumental undertakings.

This has been particularly significant with the launch of the 2018-2021 Business Plan, which requires all people working for the Intesa Sanpaolo Group to be engaged and actively involved.

With reference to Group Risk Takers that have a direct impact on the Group's results, it was decided to adopt a tool specifically related to achieving the objectives of the Business Plan, and that has a risk/return profile adequate for the role held and for the ambition and challenge levels of the new Business Plan. Based on these rationale, a Long Term Incentive Plan was devised, based on performance conditions and which includes a POP (*Performance-based Option Plan*).

Conversely, the Group considered that a Retention Plan basically in line with the 2014-2017 LECOIP is suitable for motivating Company Risk Takers, Middle Management and other personnel, with the aim of continuing activities to consolidate identification and team spirit, in keeping with the Group's inclusive organisational culture. In view of these considerations, a Retention Plan was devised for Middle Management (not included in the POP) and other personnel called "*LECOIP 2.0*" which is based on current market conditions and values experience that has been acquired.

As regards severance pay, the SGR applies the provisions defined at an Intesa Sanpaolo Group level. In this regard, as provided for by Group Remuneration and Incentive Policies in compliance with Bank of Italy Supervisory Provisions on remuneration, the remuneration agreed in view of or on early termination of the employment contract, or for early termination of the position, for the portion exceeding the provisions of the National Collective Bargaining Agreement (CCNL), regarding the allowance in lieu of notice, constitutes severance pay. The non-compete agreement is included in these, based on the overall amount paid

The principles for the definition of this remuneration in the Intesa Sanpaolo Group, based on the criteria of correlation between severance pay and ongoing performance over time and the containment of potential litigation, are as follows: (i) safeguarding the level of capitalisation required by Regulations; (ii) "no reward for failure"; (iii) the blamelessness of individual conduct (consistent with the compliance breaches logic); (iv) alignment with international and local best practices.

CIU MANAGEMENT MANDATES

In the case of portfolio management or managed product risk management mandates, the SGR ensures that (i) the person given the mandate is subject to obligations on remuneration equivalent to those applicable to the SGR pursuant to the Bank of Italy Regulations of 5 December 2019 (ii) the contract awarding the mandate contains clauses so as to avoid possible circumvention of the law.

DISCLOSURE

The disclosure on the remuneration of employees of the SGR is contained in the management report of the UCITS and AIFs in accordance with the Bank of Italy Regulation on Collective Asset Management.

The Prospectus of the managed products sets out the key contents of the personnel remuneration and incentive policies and practices, with reference made to the SGR's website for related updated detailed information, including the criteria and methods for calculating the remuneration and other benefits and the persons responsible for setting the remuneration and allocating other benefits, as well as the composition of the Remuneration Committee. A paper copy or other durable medium containing this information is made available to investors free of charge on request.

The information also contains a statement certifying that detailed updated information on the personnel remuneration and incentive policy and practices is available on the SGR's website and that a paper copy or copy on other durable medium containing this information is available for investors free of charge on request.

As provided for in the Bank of Italy Regulation of 5 December 2019, the SGR presents an annual report to the Shareholders' Meeting on the procedures for adopting the remuneration and incentive policies (ex post information), broken down by roles and functions.

Lastly, the SGR's Remuneration Policy is made available to all Company employees.

SECTION III: RULES FOR IDENTIFYING PERSONNEL THAT HAVE A SIGNIFICANT IMPACT ON THE RISK PROFILE OF THE GROUP, SGR AND MANAGED ASSETS

Applicable regulations on remuneration and incentives require remuneration policies to be defined and adopted according to a logic which is in proportion to the role, contribution and impact of personnel on the risk profile of the Group and SGR.

The criteria to adopt to evaluate whether the professional activities of personnel have a significant impact on the risk profile of the Company and managed assets must:

- be based on the recognition and evaluation of individual positions (responsibilities, hierarchical levels, activities carried out, operating powers, etc.);
- take account of the internal organisation of the SGR, the characteristics, size, nature, scope and complexity of other activities carried out (e.g. portfolio management, pension fund management), as well as the number and size of managed assets;
- take account of the process to identify personnel that have a significant impact on the risk profile of the Intesa Sanpaolo Group, carried out at a Group level.

Key Personnel are identified in line with the principles contained in the Bank of Italy Regulation of 5 December 2019.

The Board of Directors is responsible for the process to identify personnel that have or may have a significant impact on the risk profile of the SGR and managed assets.

The Remuneration Committee of the parent company Eurizon Capital SGR S.p.A. assists the Board of Directors in duties to identify personnel that have or may have a significant impact on the risk profile of the SGR and managed assets, in line with the role and general responsibilities of this Committee concerning remuneration and incentive policies.

The Human Resources Department has an advisory role in defining the criteria and Key Personnel, supported by the Risk Management Function and Compliance & AML Function.

The Internal Audit Function also checks the correct adoption of the process to identify Key Personnel and compliance with applicable regulations.

The rationale for identifying personnel that have or may have a significant impact on the Company's risk profile and relative list are updated annually, prior to preparing the Company's Remuneration and Incentive Policies. Updates to Key Personnel are made instead at least once a year and in any case also during the year, in the event of changes to the SGR's organisational structure or legal developments.

This document is originally written in Italian language. In case of discrepancies between the original Italian text and the present English translation, the Italian version will prevail.