



Remuneration Disclosure

Contents

Table of Contents

1. General Considerations	2
1.1 Our principles	2
1.2 Objective and scope of Policy.....	3
1.3 Integration of ESG/ sustainability risk considerations.....	3
2. Structure of MIFL Remuneration Policy.....	4
2.1 Remuneration Principles	4
2.2 Identified/Relevant Staff	7
2.3 Remuneration components.....	7
3. Long Term Incentive	9

1. General Considerations

1.1 Our principles

MIFL remuneration policy is based on principles shared within the Mediolanum Group and that represent our core values guiding our approach to remuneration and compensation in general. Those principles are:

Fairness	Our remuneration policies are fair, transparent and neutral towards every person. We look at diversity as an essential value and inclusion as one of the key elements to allow our people to express their potential and uniqueness.
Merit	Our policies reward merit, both in terms of results related to the business strategy and related objectives, and in broader terms of conduct, in line with our way of acting characterized by ethics and transparency, aware of the impact of our behaviour.
Competitiveness	We constantly monitor market trends to define balanced and balanced remuneration solutions, able to attract, motivate and retain; in support of business priorities and human capital management strategy.
Sustainability	We adopt remuneration policies that incorporate our attitude to sustainable business and reflect our way of acting with economic responsibility in line with the group Materiality Matrix, contributing to the creation of business value with responsibility towards customers and our people, always with a view to containing risks.
Compliance	The legislation and guidelines issued at national and international level by the Authorities are the basis for the construction of our remuneration policies. We develop our policies within the framework of solid governance.
Risk	The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the products it manages

1.2 Objective and scope of Policy

This Remuneration disclosure is based on the MIFL Remuneration Policy and designed to provide a public disclosure of the compensation framework in place within MIFL

The MIFL Remuneration Policy is approved by the MIFL Board of Directors (the “Board”) and applies to all MIFL Employees as well as non-executive directors of the Board and freelance contractors of MIFL. The Policy sets out the remuneration policy of MIFL, including the principles governing how MIFL remunerates its members of staff including “Identified Staff/relevant persons”.

The purpose of the Policy is to seek to ensure that the remuneration arrangements of Staff & “Identified Staff/relevant persons”

- are consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of MIFL or the products; and
- are consistent with MIFL’s business strategy, objectives, values and interests of the Companies, the products and their investors/policyholders and includes measures to avoid conflicts of interest.

MIFL complies with the above objectives by:

- having a business model which by its nature does not promote excessive risk taking;
- defining performance goals and objectives for all Employees that are aligned with the business; and
- ensuring that the Fixed Remuneration element for each Employee reflects the market rate

1.3 Integration of ESG/ sustainability risk considerations

MIFL is required to publish information on how remuneration arrangements are consistent with the integration of ESG/ sustainability risks (i.e. arrangements should not encourage excessive risk taking in relation to sustainability). MIFL has put in place an Investment Decision-making process (“Investment Process”) that applies to all its clients including, the funds managed by MIFL and those non-fund clients who have engaged MIFL as a discretionary portfolio manager. MIFL maintains a Responsible Investment Policy that outlines the framework and approach taken with regards to Responsible Investment in its Investment Process. The management of sustainability risk forms an important part of the due diligence process implemented by MIFL when selecting investments and third-party Managers as outlined in MIFL’s documented Investment Process. Given the wide variety of Products and strategies under management, the degree to which sustainability matters are considered within the Investment Process across all investment competence centres, and the impact they may have on a Product’s returns, will vary.

An underlying principle of the MIFL Remuneration Policy is to promote sound and effective risk management that does not encourage excessive risk-taking with respect to the investment decision making process, this includes sustainability risk considerations. This MIFL Remuneration Policy already aims to ensure that the remuneration pay-outs are appropriate, in line with market practise and that the risk profile, long term objectives and goals of MIFL and interests of the investors are adequately reflected therein. Performance-based remuneration for all MIFL Staff and indeed for identified staff is awarded in a manner which promotes sound risk management and does not encourage excessive risk-taking through a deferral pay-out process in

line with UCITS's regulation. As such MIFL is satisfied the remuneration arrangements adopted under this Policy are consistent with the Integration of ESG/ sustainability risk considerations, where these are relevant and material for investment performance.

In order to achieve this, specific responsible investment goals have been developed and will be included in employee goals and objectives, where applicable. All employees are expected to support the business in undertaking its activities in a responsible manner through including sustainability considerations in their roles and decision making. Specifically for employees involved in Investment activities, such employees are expected to implement the key principles embedded in Mediolanum's policies on sustainable investment. ESG sustainability is also an integral part of the our long-term incentive system in place. Among the performance parameters of the Plan, dedicated to Investment Professionals and other senior members, an indicator has been included which takes into account strategic sustainability objectives in a multi-year perspective and in line with our Responsible Investment strategy.

Gender-neutral remuneration principles

Gender neutrality, the enhancement of diversity, inclusion and meritocracy are among the guiding principles in how MIFL conducts business and in the organisation's culture. Therefore, also through remuneration policies, the objective is to minimise any possible gaps from every point of view. The principles that MIFL adopts in order to ensure the neutrality of remuneration policies are:

- the recognition and full enhancement of talent, both in the assignment of roles and responsibilities and through training development and professional growth of each employee.
- the protection of dignity and integrity, as well as the balance between physical and emotional being.

2. Structure of MIFL Remuneration Policy

This section deals with the following:

- 1. Remuneration principles**
- 2. Identified staff**
- 3. Remuneration component**

2.1 Remuneration Principles

Principles applicable to MIFL

- (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the products it manages;

(b) the remuneration policy is in line with the business strategy, objectives, values and interests of the Companies and the products it manages and of the investors/policyholders in such products, and includes measures to avoid conflicts of interest;

(c) the remuneration policy is adopted by the non-executive directors of the Companies and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation.

The tasks referred to in this point shall be undertaken only by non-executive directors of the Companies who have expertise in risk management and remuneration.

(d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the non- executive directors of the Companies;

(e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

(f) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or products concerned and as to their risks and of the overall results of the individual Companies when assessing individual performance, taking into account financial and non-financial criteria;

(g) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on Variable Remuneration components, including the possibility to pay no Variable Remuneration component;

(h) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

(i) the measurement of performance used to calculate Variable Remuneration components includes an annual evaluation of all relevant types of current and future risks;

(j) the Variable Remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Companies as a whole, and justified according to the performance of the business unit, the Fund and the individual concerned.

(k) a deferral process will be applied to the Variable Remuneration where potential Variable Remuneration exceeds a certain threshold. This will follow the payout process rules below

Payout process rules

The following principles must be adhered to:

- i. In order to align actual payment of remuneration to the business cycle of MIFL, MIFL may decide that the Variable Remuneration is partly paid up front (short term) and partly deferred (long term) over an appropriate period of time. The length of the deferred period is established in accordance with regulations, the business cycle, the nature of the business, its risks and the activities of the Employees in question.
- ii. The amount of the deferred part of the bonus should be determined in relation to the total amount of the bonus as compared to the total amount of the remuneration.
- iii. The deferred element of the bonus should take into account the outstanding risks associated with the performance to which the bonus relates.
- iv. In order to align incentivising staff with the interests of MIFL, its products and investors/policyholders, a retention policy is in place whereby variable remuneration awarded in the form of shares of the Fund or a comparable Index of MIFL Funds or instrument linked to the overall performance of the products (whether awarded up-front or on a deferred basis) must be retained by staff in accordance with specific parameters.
- v. that a bonus (including any deferred portion of such bonus) should be paid or vest only if it is sustainable according to the financial situation of the management company and justified according to the performance of the business unit, of the product and of the individual concerned. In circumstances where there is subdued or negative financial performance of the management company or of the product, the total variable remuneration must generally be considerably contracted. Where necessary, MIFL is in a position to prevent the vesting of some or all of a deferred bonus in the staff. In certain circumstances such as in the case of established fraud, misleading information or where a staff member has received remuneration in breach of any regulations or regulatory guidelines, MIFL is in a position to oblige the staff to return part or all of the variable remuneration to it.
- vi. vi MIFL does not pay Variable Remuneration through vehicles and does not employ methods which aim at artificially evading the requirements of the regulations.
- vii. vii The principles set out in paragraphs a-k above shall apply to any benefit of any type paid by viii. MIFL, to any amount paid directly by the Fund or Product itself, including performance fees, and to any transfer of units or shares of the Fund or Product, made for the benefit of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profiles of the Fund or Product that they manage.

2.2 Identified/Relevant Staff

Under the UCITS Regulations, ESMA Guidelines the Company is required to establish and apply remuneration policies and practices for its Identified Staff/relevant persons that are consistent with and promote sound and effective risk management and that neither encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds it manages nor impair compliance with the Company's duty to act in the best interests of the Funds.

MIFL is responsible for identifying the members of staff who fall within the definition of "Identified Staff/relevant persons". The term "Identified Staff" is broadly defined in the ESMA Guidelines which provides that this shall include any categories of staff whose professional activities have a material impact on the risk profiles of MIFL or the products it manages.

Any payments in connection with the early termination of a contract will reflect the performance achieved by the Employee concerned and will not reward failure.

2.3 Remuneration components

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the Employee's status and MIFL's professional activity as well as market practice.

The remuneration structure adopted includes a recurring component that rewards the role covered and breadth of responsibilities, according to the experience and skills required for each position as well as the level of excellence shown and the overall quality of contribution to business performance and an eventual incentive component so-called non-recurring, which aims to recognize the results achieved by establishing a direct link between remuneration and actual results in the short and medium term, of the Company and the individual in accordance with the risk profile defined.

The remuneration components for Employees are set out below:

- (i) **Fixed Remuneration** – it is determined on the basis of the position and role of the particular Employee, including responsibility and job complexity, reflecting the experience and skills required for each position and the level of excellence demonstrated and the overall quality of the contribution to business results, and local market conditions. The relevance of the weight of the **fixed remuneration** is provided within the overall package, consistent with the level of competitiveness sought with respect to the market and in order to reduce the possibility of excessive risk-oriented conduct, to discourage initiatives focused on short-term results that could jeopardize sustainability and value creation over the medium and long term. The fixed remuneration is also structured to an extent to allow the variable part to decrease significantly or to zero, in relation to the results adjusted for the risks actually achieved. The Fixed Remuneration is set at a sufficiently high level to remunerate the service even if the Variable Remuneration is not paid due to non-achievement of performance targets
- (ii) **Variable Remuneration** (i.e. bonus) - motivates and rewards high performers who strengthen long-term client relations and generate income and shareholder value. It aims to recognize the results achieved by

establishing a direct link between remuneration and actual results, of the Companies and the individual, in the short and medium term, in accordance with the defined risk profile. The Board has determined a maximum percentage of Variable Remuneration relative to the Fixed Remuneration. This percentage varies according to the type of position held.

When determining the value, if any, of the Bonus payable to employees the Company shall take into account not only the achievement of the actual objectives set up annually as part of the Variable Remuneration process but also to consider employee's behaviour and conduct against the expected standards. Compliance with and alignment to the standards are detected via the ongoing processes and controls, including the Firm's policies and procedures, Fitness & Probity controls, the performance management process and governance arrangements. Furthermore, disciplinary process outcomes are taken into account when determining the value (if any) of a bonus payment. Particular attention will be posed also on the implementation of the Conduct Standards (Common, Additional, Business) and IAF governance framework ensuring that any breach of standards will be taken into consideration when determining the bonus payable (if any).

- (iii) MIFL operates a deferral aspect to variable pay where Variable Remuneration exceeds the incentive threshold in place.
- (iv) *Other additional benefits, if any* - include the pension plan, life assurance, permanent health insurance ("PHI"), health insurance and meal allowances.
- (v) *Severance* - severance payments are payable in accordance with relevant employment laws

Malus

For all bonus amounts earned in a previous year which have deferred components due for payment in subsequent years, payment of a deferred component, in any given year, is subject to Malus mechanisms according to thresholds that are subject to review on a periodic basis. Where reviewed and updated, the amended thresholds apply immediately.

Clawback

Please note that, in line with Company and Group Remuneration Policy and associated regulations, any variable remuneration paid or yet to be paid (where subject to the deferral criteria), could be subject to partial or total clawback within seven years from the payment of the variable remuneration (up front or deferred) in the event that the Board of Directors or an appropriate committee thereof, determines that any behaviour, fraud, wilful negligence, breach of Conduct Standards/AIF expectations or intentional misconduct by an employee was a significant contributing factor to the Company having to restate all or a portion of its financial statements (i.e. a significant loss).

Deferral of Variable Remuneration

MIFL operates a deferral aspect to variable pay where Variable Remuneration exceeds the incentive threshold.

Individuals with potential Variable Remuneration below the incentive threshold level are not subject to the Deferral Process and any amounts earned are paid in cash. Where this threshold is exceeded, the potential bonus of the relevant individual is subject to the pay-out process in place.

2.5 Variable Remuneration of Employees in Control functions

MIFL recognizes that staff members engaged in control functions are independent from the business unit they oversee and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business area they control. The mix of Fixed and Variable Remuneration for control function personnel is weighted in favour of Fixed Remuneration.

The performance of the Senior Manager in the control functions will not be linked to the performance of the relevant Companies. Instead, any Variable Remuneration to be paid to the Senior Managers in the control functions will be determined by assessing his/her performance in delivering his/her responsibilities

3. Long Term Incentive

Mediolanum operates a Long-Term Incentive scheme (LTI). The LTI is based on a defined multi-year performance timeline. The scheme operates on a rolling basis and is independent of the deferral of short-term variable remuneration.

The performance objectives of the LTI Plan have been identified with reference to the strategic targets defined in the multi-year plan in place. The objectives are divided into clusters representative of the company priorities in terms of:

- Business sustainability
- ESG – Climate, Social & Environmental
- Business scalability

Measures to avoid conflicts of interests and internal controls

Performance-based remuneration is awarded in a manner which mitigates conflicts of interest. Pursuant to the relevant legislation, MIFL has put in place measures to ensure that the Variable Remuneration awarded does not impair the duty of MIFL to act in the best interest of the clients:

- (i) the Variable Remuneration of all the staff members (including Identified Staff/relevant persons) are strictly reliant on the financial result of MIFL and MIFL's Group, the individual performance of the staff member along with the result of his/her Business Unit. The methodology used for the calculation and pay-off of the Variable Remuneration do not compromise the obligation of Staff to act in the best interest of the clients;
- (ii) references used in the calculation of Variable Remuneration of Staff are common across investment services and products offered and include qualitative criteria;
- (iii) the Variable Remuneration is calculated and awarded on a linear basis rather than being dependent on meeting an '*all or nothing*' target;
- (iv) Fixed Remuneration remains sufficiently high as compared to Variable Remuneration;
- (v) the Variable Remuneration takes into consideration the fair treatment and the satisfaction of the client (i.e.

complaints made by clients are assessed during the award process).

Remuneration of the Board of Directors

The non-executive members of the Board receive a fixed fee only and do not receive Variable Remuneration.