

## Summary of the conflict of interest policy

### 1. Introduction

EUROMOBILIARE ASSET MANAGEMENT SGR SPA (hereinafter the “SGR”), which is part of the Credito Emiliano Banking Group (hereinafter also the “Group”), in the performance of the collective management exercise encounters potential situations of conflict of interest, which may arise permanently or occasionally within itself and/or within the Group. Consider, for example, conflicts of interest between the SGR and the UCITS managed and their investors, or between the different UCITS managed, or between their investors.

In compliance with the current regulatory provisions on the matter, the SGR has adopted a conflict of interest management policy (hereinafter also the “Policy”), prepared in accordance with the guidelines defined in the corresponding Group Discipline, which defines the controls aimed at identifying, preventing, managing and monitoring such conflicts, through suitable organizational and administrative measures aimed at preventing them from causing harm to the UCITS managed and their investors.

Since the SGR belongs to a Group, the Policy must also consider the circumstances, of which it is or should be aware, that could cause a conflict of interest resulting from the structure and activities of the other members of the Group.

The Policy is also consistent with the recommendations developed by Assogestioni in the “Protocollo di Autonomia per la gestione dei conflitti di interesse” and with the Guidelines issued by Alfi in the document “Alfi Code of conduct for Luxembourg Investments Funds”.

This document briefly describes the main contents of the Policy. In particular, the following are represented:

- the circumstances that generate or might generate conflicts of interest capable of significantly damaging the interests of one or more UCITS or their investors;
- the procedures and measures defined for the management of the conflicts themselves.

Any requests for further details regarding the policy followed by the SGR must be addressed to the Governance and Legal Office at the Milan office, Corso Monforte n. 34, cap. 20122.

## 2. Definitions

The notion of conflict of interest includes situations in which, in the context of the provision of the collective management service, a conflict arises between the interests of the SGR (and/or its directors or members and/or its employees or collaborators and/or persons having a direct or indirect control link with it) and those of the UCITS managed and their investors, or between the interests of the different UCITS managed or their investors.

## 3. Perimeter of relevance for the identification of conflicts of interest

The identification of conflicts of interest in the provision of the collective asset management service by the SGR is carried out with regard to the following subjects:

- i. the SGR;
- ii. the relevant subjects:
  - directors, members or equivalent, managers of the SGR;
  - employees of the SGR, as well as any other natural person whose services are made available and under the control of the SGR and who participates in the exercise, by the SGR, of the collective portfolio management activity;
  - natural or legal persons who participate directly in the provision of services to the SGR, within the framework of an outsourcing agreement for the purpose of the SGR carrying out collective portfolio management activities;
- iii. persons having a direct or indirect control link with the SGR (the SGR is part of the Credito Emiliano Banking Group, which includes other companies that, in various capacities, are relevant for the purposes of the SGR's conflict of interest management policy);
- iv. the UCITS managed;
- v. the investors of the UCITS managed;

## 4. Circumstances generating a conflict of interest

The circumstances that could generate a conflict of interest that entails a significant risk of damage to the interests of the managed UCITS or their investors, can be traced back to the following macro typologies:

1) Existence of corporate ties with the issuer of the products or financial instruments that are the object of investment in the provision of the collective management service or with other entities; this category includes operations involving financial instruments, financial products issued by:

- Credem Group companies;

- entities in which Credem Group has a significant stake;
- entities with a significant stake in the capital of Credem or Credemholding;
- entities in whose corporate bodies there are representatives of the Credem Group;
- entities in which a representative of the Credem Group holds a significant stake; or the granting of management delegations or advisory mandates to such entities;
- entities with which a Credem Group Company has entered into agreements for extraordinary transactions (e.g. acquisitions, mergers).

2) Provision of corporate finance services in favor (directly or indirectly) of the issuer of products or financial instruments that are the object of investment in the provision of the collective management service and other business relationships; this category includes operations involving financial products or instruments issued by companies for which the Credem Group:

- participates or has participated in placements with firm commitment or provision of guarantee;
- participates in placements without firm commitment or provision of guarantee;
- performs advisory or corporate finance roles;

3) Existence of open risk positions on the issuer of products or financial instruments that are the object of investment in the provision of the collective management service or on other entities; this case includes the operations involving products or financial instruments issued by companies for which the Credem Group:

- holds significant directional positions on equity securities and/or debt instruments;
- has a significant credit relationship in place.

4) Joint provision of multiple investment services or activities or ancillary services; this case includes:

- proprietary trading operations carried out jointly with the collective management service involving the same financial instruments;
- operations on the same financial instruments by managers of multiple managed portfolios;
- the use of Credem Group companies as traders in the collective management service;
- operations on financial instruments on which a Credem Group company plays market making or similar roles;
- the placing of orders of opposite sign on the same financial instrument on behalf of two or more portfolios managed (so-called cross trades) by SGR;

- operations on financial instruments issued by the Depositary Bank.

5) Perception of monetary and non-monetary incentives, paid by a person other than the managed UCITS or by a person acting on behalf of such UCITS, in relation to the collective management service; this category includes the perception of:

- monetary incentives (perception of commission retrocessions);
- non-monetary incentives (receipt of investment research, where not paid directly by the SGR with its own resources, and other smaller incentives, such as participation in seminars, conferences and other training events; receipt of documentation relating to financial instruments or investment services of a generic nature).

## 5. Measures and procedures adopted for the management of conflicts of interest

The procedures to be followed and the measures to be adopted to prevent, manage and monitor the conflicts of interest identified must ensure that the relevant persons engaged in activities that imply a conflict of interest carry out such activities with an appropriate degree of independence, taking into account the size and activities of the SGR and the Credem Group, as well as the relevance of the risk that the interests of the UCITS managed and their investors are damaged.

In order to guarantee the independence referred to above, the measures and procedures described briefly below are adopted, grouped by macro typology:

*a) Measures aimed at preventing or controlling the exchange of information between relevant persons involved in activities that involve a risk of conflict of interest, when the exchange of such information may harm the interests of one or more UCITS or their investors:*

- rules set out in the Internal Code of Conduct and the Internal Regulations on Personal Transactions, which impose on each employee or external collaborator, respectively, general and specific obligations regarding confidentiality and limitations/prohibitions on personal operations aimed at preventing the use of privileged information or other confidential information regarding the UCITS managed and their investors;
- Group regulation on privileged information, which governs the rules of conduct that must be observed by Directors, Auditors, managers, employees and collaborators of Credem and its Controlled companies;
- information security policy, which defines the principles of logical security aimed at ensuring the confidentiality of data and information, which must be made available exclusively to users

who actually need them and on the basis of periodically reviewed authorization procedures. Information barriers are strengthened by specific measures (organizational, logistical, procedural and control), aimed at segregating information within certain areas of activity, avoiding/controlling exchanges that could generate potential conflicts of interest.

*b) Measures to ensure separate supervision of relevant persons whose main functions involve the exercise of management activities with potentially conflicting interests, or who otherwise represent different interests in potential conflict, including those of the company:*

- the provision by SGR of the collective management service alone significantly reduces the risk of conflicts of interest arising from the joint provision of multiple investment services;
- the collective management service is carried out by a specific organizational unit with its own manager who is responsible for compliance with the Policy.

*c) Measures to eliminate any direct link between the remuneration of relevant persons who predominantly carry out one activity and the remuneration of (or income generated by) other relevant persons who predominantly carry out another activity, in the event that a conflict of interest may arise in relation to such activities:*

- the remuneration policies and general mechanisms for accessing the reward system are defined at Group level in compliance with the applicable legislation and, in particular, with the provisions of CRD V, MiFID II, the UCITS Directive, the AIFMD and the IDD and the related implementing legislation and regulations, both European and national. They are implemented and declined in the individual companies, including the SGR, considering the additional specific sectoral provisions applicable (further information is available in the annual reports on remuneration and incentive policies);
- the staff incentive mechanisms are defined with a logic of overall sustainability, ensuring a balance between the fixed and variable components, as well as on qualitative as well as quantitative criteria, in compliance with the limits established at Group level. Furthermore, the remuneration of the individuals belonging to each of the company areas cannot be linked to the results achieved by the remaining areas, except partially and indirectly, through forms of incentives linked to the overall economic result of the SGR. In any case, the objectives identified for the management structure employees must be such as to ensure independence from the budget objectives of the SGR and other product companies of the Credem Group.

*d) Measures aimed at preventing or limiting the exercise by any person of undue influence on the way in which a relevant person carries out collective portfolio management activities:*

- the SGR has adopted specific regulations, valid at Group level, on Whistleblowing and therefore the staff can report undue influences that may lead to violations of sector regulations, both through this channel and directly to the corporate control bodies;

- internal regulations on the establishment of products and more generally on "product governance" aimed at defining processes, functions involved and strategies aimed at developing products, placing them on the market and reviewing them throughout their life cycle, in compliance with the target customers for which they were built,
  - monitoring such consistency over time;
  - rigorous product classification procedures that consider the risks and other factors associated with the different categories of products and instruments;
  - measures to ensure the independence of managers and other parties involved in the decision-making processes of the collective management service, in order to ensure that investment choices are made that are as objective and independent as possible;
  - rules and procedures for the exercise of voting rights pertaining to the assets managed, defined in the interest of the participants in the OICR. The related decision-making process and the reasons for the decisions adopted are adequately represented and formalized;
  - definition and implementation of an order execution and transmission strategy that allows obtaining the best possible result for the OICR, preventing conflicts of interest inherent in the choice of the best trading venues for the assets managed;
  - prohibition for holders of management delegations to simultaneously hold operational delegations in other Group companies relating to the following activities carried out in favor of the assets managed: negotiation, placement, reception and transmission of orders and ancillary services;
  - with reference to incentives, the SGR has adopted a specific policy which provides rules and procedures for detecting and verifying their admissibility, with an indication of the role and responsibility of the various functions involved. Any prohibitions on receiving incentives provided for by the legislation in force from time to time remain in place;
  - prohibitions for personnel to accept gifts or other benefits of such value as to constitute a conflict, even potential, with their duties towards the SGR or customers. There is an obligation to report gifts or other benefits received and a prohibition on accepting them in the form of money; rules are also provided for the granting of gifts, benefits or other benefits to third parties.
- e) *Measures aimed at preventing or controlling the simultaneous or consequent participation of a relevant person in distinct collective portfolio management activities, when such participation may be detrimental to the correct management of conflicts of interest:*
- With regard to the operations carried out by the same manager, on the same financial instrument, on behalf of two or more UCITS (e.g. cross-trade operations), specific escalation rules and information obligations are provided.

If the adoption or application of one or more of the aforementioned measures and procedures does not ensure the required degree of independence, the SGR adopts all alternative or additional measures and procedures that are necessary and appropriate for these purposes.

## 6. Management of specific conflicts of interest relevant at Group or SGR level

The SGR has prepared a “Mapping of conflicts of interest and related treatment”, attached to the Policy, which indicates in abstract, for each macro-type defined in art. 4, the circumstances, of an operational and/or corporate nature, which generate or could generate a conflict of interest such as to entail a significant risk of damage to the interests of the managed UCITS or their investors.

Corresponding to each circumstance, the scope of application is indicated, including any thresholds of relevance at consolidated Group level, as well as the specific restrictions, behavioural and transparency obligations to which the SGR must adhere in carrying out the collective management service.

In addition to the provisions indicated in the aforementioned mapping, the Policy also defines some more detailed rules and further operational limitations with regard to the following cases of conflict of interest:

- Investments in connected UCITS (i.e. in UCITS established and/or managed by the SGR);
- purchase and sale transactions on the same day of the same security on behalf of two or more UCITS (so-called Cross Trades);
- purchase or sale on the same day of the same security at different prices on different UCITS by the same Portfolio Manager;
- receipt, from entities other than the UCITS managed, of incentives in relation to the asset management activity of an UCITS, in the form of money, goods or services other than the compensation normally received for the service;
- delegation of management to third parties who invest in UCITS established and/or managed by them;
- investment transactions in bank deposits at Group banks;
- financing transactions by Group companies.

Finally, specific operational prohibitions are envisaged regarding:

- the investment of the assets of a UCITS managed by a Portfolio Manager in units of another connected UCITS managed by the same Portfolio Manager (which may be waived in the first year of the target UCITS' life);
- the investment of managed UCITS in financial instruments, other than UCITS units, issued by Credem Group companies.

## 7. Information to investors in the event of insufficient effectiveness of conflict management measures

In cases where neither the general measures referred to in the previous art. 5, nor the specific measures for the individual circumstance of conflict of interest referred to in the previous art. 6 and in the Mapping attached to the Policy, are considered sufficient to prevent, with reasonable certainty, the risks of damage to the interests of the managed UCITS or its investors, this circumstance must be submitted to the Board of Directors at the first useful meeting for the purposes of adopting the resolutions necessary to ensure that the SGR acts in the best interest of the UCITS or its investors.

In this case, the SGR periodically makes available to customers, through adequate long-lasting support, information on conflict of interest situations that cannot be managed through effective organizational measures, illustrating the decision taken in this regard by the Board of Directors and the related motivation.