

# **PROPOSAL TO THE SHAREHOLDERS MEETING**

## **EUROMOBILIARE ASSET MANAGEMENT SGR**

### **"REMUNERATION POLICY"**

Prepared pursuant to the Bank of Italy Provision of 5.12.2019, "Implementation Regulation for articles 4 *undecies* and 6, paragraph 1, letters b) and c *bis*), of the TUF [Consolidated Law on Finance]", implementing Directive 2014/91/EU ("**UCITSV**") of 23.07.2016

**Approved by the Board of Directors on 11.03.2025**

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Dear Shareholders,

In compliance with the Bank of Italy Provision of 5.12.2019, "Implementation Regulation for articles 4 undecies and 6, paragraph 1, letters b) and c bis), of the TUF" ("Regolamento Banca d'Italia"), on the subject of remuneration and incentive policies and practices of asset managers (AMCs, SICAVs and SICAFs), implementing the provisions laid down in this regard in EU Directive 91/2014 ("UCITSV"), this Annual Report is submitted to the Shareholders Meeting, prepared as well for the purposes of public disclosure obligations, in which the remuneration practices adopted with reference to financial year 2024 and the remuneration and incentive policies proposed for 2025 are illustrated, as well as the criteria for determining any compensation to be granted in the event of early termination of employment.

The Remuneration Policies proposed herein concern:

- general guidelines, reasoning and goals that the Company intends to pursue; - the decision-making process used to define the remuneration policy;
- the definition of the scope of the Company's Most Significant Personnel ("PPR" or "risk taker"); - the criteria used to establish the balance between fixed and variable components and parameters, reasoning and related deferral periods for the recognition of variable components; - the maintaining of the ratio between variable and fixed remuneration at 2:1 for General Management (GM and DGM) and for Investment Service Staff ("Portfolio Manager" and "Product Specialist");
- the policy on early termination of employment.

It should also be noted that the Remuneration Policies confirm the orientation of adopting, on the basis of the Parent Company's indications, the strictest criteria dictated by banking regulations, without prejudice to compliance with regulatory standards for the sector, when these prevail.

Given the key principles of the Remuneration Policy submitted to you, it is also proposed that the Board of Directors ("BoD") be granted the power to define all the detailed technical aspects functional to the application of the 2025 Remuneration Policy, adopting all the most appropriate actions for the effective functioning of the incentive instruments and the utmost compliance with the relevant provisions.

Lastly, it is proposed that the BoD be authorised to adjust the remuneration system by adopting any appropriate additions and/or amendments to better comply with regulatory requirements.

## 1 Mission, Values and Principles of the Remuneration Policy

The Euromobiliare Asset Management SGR ("**EUROSGR**") Remuneration Policy is based on the principles of rewarding merit and offering results-based motivation, consistent with the corporate culture that characterises the orientation of the Credito Emiliano - CREDEM Banking Group to which the Company belongs.

The Remuneration Policy is developed in compliance with the Group's Purpose ("Sustainable value and well-being over time for Customers, our People, Shareholders and the Community"), the Corporate Values ("Simplicity", "Trust" and "Entrepreneurship"), taking into account the nature, size and operational characteristics of the Company, as well as the extent and complexity of its business risks. The Remuneration Policy represents a key tool for pursuing the objectives set during strategic planning, in a logic of sound and prudential risk management, to maintain adequate levels of capital and liquidity. The Remuneration Policies are therefore aligned with the strategic and sustainable finance objectives<sup>1</sup> of the Company, the interests of the UCITS and AIFs under management, and of its investors, ensuring long-term balance for the company.

The Remuneration Policy is not based exclusively or predominantly on short-term results that encourage excessive risk exposure and possible conflicts of interest.

The Remuneration Policy aims to:

- stimulate Staff to achieve performance objectives aligned with current and prospective risk management policies, in a context of sustainability and capital and financial adequacy in the short and medium/long term, safeguarding the interests of investors;
- attract and retain staff, keeping key skills and talent within the organisation;
- support and accompany People in taking responsibility for increasing professional challenges;
- ensure that remuneration practices comply with the legal and supervisory provisions;
- in any case, ensure the sustainability of the company's results and maintenance of solid equity;
- safeguard the image and reputation of the Company, also in line with the provisions of the Internal Code of Conduct.

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<sup>1</sup> Sustainable finance targets also take into account environmental, social and governance (ESG) factors

EUROSGR, in quanto Società del Gruppo CREDEM, adotta politiche e prassi retributive neutrali rispetto al genere<sup>2</sup>. L'approccio meritocratico, caposaldo strategico delle politiche di gestione del Personale del Gruppo, consente di focalizzare l'attenzione ed il *monitoraggio* sul principio di trasparenza, garantendo pari opportunità di crescita durante l'intero ciclo di vita in azienda.

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<sup>2</sup> 37th Update Circular Bank of Italy No. 285/2013 of 24.11.2021.

## 2 Relevant Regulatory Framework

UCITSV amended Directive 2009/65/EC ("UCITSIV") on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS**"), in order to take market developments into account and to enhance the degree of harmonisation of rules and practices at the European level. In particular, UCITSV aims to increase the level of harmonisation in UCITS custodian regulations and is aimed at ensuring that AMCs have sound and prudent remuneration and incentive policies, and strengthening the sanctioning system and the intervention powers of national and European supervisory authorities.

The national transposition of the regulatory changes introduced by UCITSV first took place with the amendment to the Bank of Italy - CONSOB<sup>3</sup> Joint Regulation of 04.2017 and subsequently with the issuance of the Bank of Italy Regulation<sup>4</sup>.

In addition, the CONSOB<sup>5</sup> Regulation<sup>5</sup> ("**Regolamento Emittenti**") was updated to include information on "Personnel Remuneration and Incentive Policies and Practices" in prospectuses. Finally, the guidelines<sup>6</sup> issued by ESMA on 03.2016 on remuneration policies under the UCITS and AIFMD Directives (see *infra*) complete the regulatory framework.

The aim of the regulatory framework is to provide regulations on remuneration and incentive policies and practices to UCITS managers, in line with those already in place for Alternative Investment Fund Managers ("**GEFIA**"), dictated by Directive 2011/61/EU ("**AIFMD**") and transposed in Italy in 2015, as well as to establish a link with Directive 2013/36/EU as amended by Directive 2019/878/EU ("**CRDV**") in the case of AMCs belonging to banking groups.

The provisions contained in the Bank of Italy Regulation concern:

- the approval of Remuneration Policies by the Shareholders' Meeting;
- the consistency of the bonus system ("**SISPRE**") with corporate objectives (including those of sustainable finance) and values, long-term strategies, prudential risk management policies, and the interests of investors;

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<sup>3</sup> The Joint Regulation had already been amended in 01.2015, to transpose the provisions of the AIFMD (Directive 2011/61/EU).

<sup>4</sup> Implementation Regulation for articles 4 *undecies* and 6, paragraph 1, letters b) and c bis) of the TUF of 12.2019, as amended

<sup>5</sup> CONSOB Regulation 11971/1999, Annex 1B, Schedule 1: "Prospectus for units/shares of harmonised/non-harmonised mutual funds/investment companies with variable capital (SICAVs) under Italian law, EU non-harmonised with Directive 2009/65/EC or non-EU open-ended type", Art. 13**bis**

<sup>6</sup> ESMA "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" of 31.03.2016.

- the presence of a BoD Remuneration Committee ("**RC**") for AMCs defined as "significant" in terms of the size of their Net Assets Managed ("**NAM**") or because they are listed<sup>7</sup>;
- the structure of the remuneration and incentive systems, with reference to :
  - the ratio between fixed and variable components, which must be appropriately balanced and precisely determined with particular reference to the PPR<sup>8</sup>;
  - that a significant part of the variable component is only paid out after a minimum deferral period and taking into account the risks associated with the results;
  - the structure of the variable component, the total amount of which must be sustainable with respect to the Company's financial situation and must not limit the ability to maintain or achieve a level of capitalisation appropriate to the risks assumed. Specifically, disbursement of the variable component must provide for the use of performance indicators with reference to the manager and the UCITS and AIFs under management, appropriately adjusted for the risks related to their operations and taking into account the level of capital resources and liquidity required for the activities undertaken.

It should be recalled that in this context, characterised first and foremost by the presence of a Sole Shareholder of a banking nature, EUROSGR has been identified by the Parent Company as a "Significant Company" (within the Group headed by CREDEM), for the application of the Bank of Italy Provisions<sup>9</sup> concerning "Remuneration and Incentive Policies and Practices".

In particular, the Parent Company decided to classify EUROSGR as a "Significant Company" following the analysis performed by the relevant CREDEM departments (CPO Office - Compensation Policy ("**CPO**") and ERISK Service), aimed at identifying Companies whose activities may have a significant impact on the Group's risk profile on the basis of i) the 37th Update to Bank of Italy Circular 285/2013 of 11.2021 on remuneration and incentives, which transposed the CRDV, ii) the 11th Update to Bank of Italy Circular 285/2013 on remuneration policy risk alignment, as well as iii) the Regulatory Technical Standards issued by the EBA<sup>10</sup> ("**RTS EBA**") also taking into account (iv) the

<sup>7</sup> The Implementation Regulation for articles 4 *undecies* and 6, paragraph 1, letters b) and c *bis*) of the TUF of 12.2019 allow the Remuneration Committee not to be established for ".... Managers....belonging to a banking or SIM group..." "...provided that: a) the Italian parent company or one based in another EU Member State has established a remuneration committee with roles, responsibilities and composition similar to those set out in this Regulation; and b) the remuneration policy developed by the parent company takes into due account the specificities of the manager from an operational perspective and ensures compliance with this Regulation....".

<sup>8</sup> Bank of Italy Regulation, Annex 2 "Remuneration and Incentive Policies and Practices", paragraph 6.1 "Ratio between fixed and variable components".

<sup>9</sup> 37th Update Circular Bank of Italy 285/2013 "Remuneration and Incentive Policies and Practices".

<sup>10</sup> EU Delegated Regulation 923/2021.

assessments made as part of the CREDEM Group's capital adequacy process (RAF and ICAAP processes).

In light of the above, it was deemed appropriate to apply to EUROSGR staff classified as "Most Significant" by the Parent Company at the Group level (members of the Board of Directors<sup>11</sup> and the GM), and to risk takers identified by the Company following individual self-assessment, the more detailed rules dictated by the Bank of Italy Provisions, set out by the Parent Company for 2025 and submitted to the Company's Board of Directors, having ascertained the absence of any indications in conflict with specific regulations for the sector.

The CREDEM RC, consisting of three non-executive directors, with a majority of the same independent, participates in the definition of these Group guidelines, with investigative, propositional and advisory functions for the BoD in matters of remuneration, when risks of conflicts of interest are the greatest..

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<sup>11</sup> Board members do not receive variable remuneration linked to their office.



### **3 Gender Neutrality of Remuneration Policies**

The CREDEM Group, and therefore also EUROSGR as a Group company, adopts gender-neutral remuneration policies and practices<sup>12</sup>, as well as with respect to all other types of diversity, thanks to evaluation and remuneration criteria based exclusively on merit and professional skills.

The Personnel Policy aims to:

- promote, starting in the selection phase, equal treatment and equal opportunities for all genders and an inclusive work environment open to the values of diversity, also through initiatives to raise awareness and disseminate a corporate culture of equal opportunity and inclusion;
- maintain conditions of well-being at work, ensuring an environment inspired by principles of equality and the protection of people's dignity, taking all necessary actions to prevent and remove all discriminatory behaviour;
- ensure professional and career development according to criteria of merit that cannot be influenced by factors such as, for example, age, gender, race, ethnicity, marital status, emotional orientation, sexual orientation, state of pregnancy, maternity or paternity, political, philosophical or religious orientation, disability, etc.;
- ensure that for the same activity performed personnel have an equal level of remuneration,

all of these principles being regulated in the People Management Policy and Code of Conduct which encompass all employees.

In 2019, CREDEM formalised its adhesion to the "Carta Donne in Banca", promoted by ABI, the Italian Banking Association, to enhance gender diversity within banks.

Since 2020, the CREDEM Group has received the Equal Salary certification, awarded by the Equal Salary Foundation<sup>13</sup>.

This certification demonstrates that the Group i) adopts a fair pay policy, based on tangible aspects (including working conditions), which excludes gender bias (equal pay for equal roles), ii) has implemented efficient personnel management policies with equal opportunities internally for women and men.

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<sup>12</sup> EU Directive 858/2019 (CRDV) - Art. 94(2)(ii) to bis); 37th Update Bank of Italy Circ. 285/2013, Tit. IV, Chap. 2, Section I, par. 5.1 "Neutrality of remuneration policies with respect to gender"; EBA Guideline (04/2021) on sound remuneration policies of 7.07.2021 (paras.23-27); Act amending the Implementation Regulation for articles 4 undecies and 6, paragraph 1, letters b) and c bis) of the TUF of 12.2022, Annex 2, par. 4bis. "Gender neutrality of remuneration policies"

<sup>13</sup> In cooperation with PwC TLS and the PwC Network ([www.equalsalary.org](http://www.equalsalary.org)).

Certification is based on an in-depth review which includes collecting all salary data with respect to employees, organisational positions, age, company seniority, contractual classification, level of education, seniority, level of managerial responsibility, performance in the last 3y, development path, and a qualitative review of company policies to verify the extent to which equal pay strategies are integrated into processes and "Politiche PEOPLE".

Certification is valid for three years, with an annual "maintenance" review. Beyond satisfying regulatory authority monitoring requirements, it also provides a useful framework for preventing any misalignment in relation to the criteria indicated above and for identifying the most appropriate corrective measures to be put in place to ensure full compliance with remuneration policies. In 2024, CREDEM reconfirmed its "Equal Salary" certification and passed the annual intermediate certification audit.

Moreover, the PDR/UNI 125:2022<sup>14</sup> certification was also obtained from *Bureau Veritas*. This new certification relates to gender equality in management policies and covers the tools used, such as selection, training, professional development, and job rotation.

There are 'diversity coaches' within the Group, dedicated to the theme of Diversity & Inclusion, helping to create points of contact for initiatives on these topics and the various areas of the Group. Diversity coaches are spokespeople for an inclusive culture and for specific needs, helping to guarantee the implementation of initiatives.

The Parent Company ensures that pay and gender equality apply to all personnel of the companies within the Group, even if they are subject to sector-specific regulations.

The results of the gender-neutrality analysis of the remuneration policy, as revealed by the salary certification, are presented to the Parent Company's BoD, with the support of the Group's RC, also with reference to the gender pay gap and its evolution over time

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<sup>14</sup> UNI/PdR 125:2022 is a national standard aimed at providing guidelines for gender equality management systems.

## **4 Roles, Tasks and Governance Mechanisms**

An effective organisational and corporate governance structure is essential for the pursuit of the objectives set out in this document.

In accordance with the provisions contained in UCITSV and the Bank of Italy Regulation, EUROSGR - with the support of CPO - has proceeded to identify the roles, tasks and governance mechanisms appropriate to ensure proper definition of the Remuneration Policies, as well as the necessary oversight and consequent proper application of the same, without prejudice to the policy-making activity carried out by the relevant departments and bodies of the parent company, as mentioned in the previous paragraph.

These indications are contained in the Articles of Association, in the "Norme di Funzionamento del Comitato Consiliare Remunerazioni", in the "Policy di Gruppo People Management" and the "Regolamento People Management".

Determination and approval of the Remuneration Policies, as well as activities to ensure proper application of the same, assume the active involvement of the following entities/Organisational Units ("OU"):

- Shareholders' Meeting;
- BoD and RC;
- Senior Management;
- the Planning and Control Department of the Governance and Planning OU;
- the Compliance Department;
- the Risk Management Department;
- the Internal Audit Department;
- CPO - Compensation Policy (Parent Company).

### **ROLE OF THE SHAREHOLDERS' MEETING**

Pursuant to Article 42, paragraph 2 of the Bank of Italy Regulation, the Shareholders' Meeting is called upon in ordinary session to approve the Remuneration Policies in favour of Corporate Bodies and Personnel, including any remuneration plans based on financial instruments and the criteria for determining the remuneration to be granted in the event of early termination of employment or early termination of office (Bank of Italy Regulation, Annex 2, paragraph 5.1).

### **ROLE OF THE BoD AND THE RC**

The BoD:

- is called upon to define and review, at least once a year, the Remuneration Policies to be submitted for approval by the Ordinary Shareholders' Meeting (Article 42, paragraph 1 of the Bank of Italy Regulation), ensuring for this purpose the involvement of the Internal Audit Department;
- is responsible for their correct application (Article 42, paragraph 1 of the Bank of Italy Regulation);
- ensures that the decision-making processes concerning Remuneration Policies are clear, documented and transparent (Art. 42, paragraph 1 of the Bank of Italy Regulation);
- periodically reports to the Shareholders' Meeting on the application of the Remuneration Policies.

The BoD, in carrying out its activities, decided to create an RC, established on 30.11.2016 (Article 44, paragraphs 1 and 2 of the Bank of Italy Regulations).

In compliance with Article 44, paragraph 1 of the Bank of Italy Regulation<sup>15</sup>, the RC is composed of three non-executive Directors, the majority of whom are independent, and Chairmanship is assigned to one of the independent Directors.

The RC provides advisory and proposing services to the BoD in matters of remuneration, in accordance with the reference regulations, and has the right to access all corporate information necessary to perform its duties, requesting assistance from the relevant corporate departments as required.

The RC is supported by the CPO and, with regard to the examination of bonus systems, by the parent company's Risk Management department.

During 2024, the RC met four times and discussed the following issues:

- certification of results for activation of SISPRE 2023;
- assessment of the "significance" of the company on the basis of the NAM and the "complexity" of the company on the basis of i) the nature and scope of its activities, ii) the size of the company and of the UCITS managed, iii) the characteristics of the internal organisation and identification of the PPR;
- evaluation of the SISPRE 2024 structure for the PPR and other employees;
- examination of the Report on the Remuneration Policy of EUROSGR 2024 to be submitted to the BoD and the subsequent Shareholders' Meeting;
- review of the 2024 PPR KPI;

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<sup>15</sup> Art. which refers to Bank of Italy Circ. 285/2013, Part One, Title IV, Chap. I, Section IV, paragraph 2.3.1 (a).

- disclosure of benchmarking results carried out by the Parent Company, with the support of external consultants, with a focus on the top position in EUROSGR;
- analysis and proposal for the evolution of SIQ ('Product and Service Quality Superindex') metrics and of the Basket of Funds adopted for the payment of bonuses to the PPR;
- measure in favour of the PPR.

#### ROLE OF SENIOR MANAGEMENT (DIRGEN)

Senior Management contributes to the implementation of the Remuneration Policies approved by the Shareholders' Meeting, in accordance with the guidelines issued by the BoD.

Senior Management also verifies that the criteria and principles for the definition of the Remuneration Policies are consistent with what has been established and resolved by the Shareholders' Meeting, specifically with regards to remuneration of employees, whether they are within the PPR scope or not, as well as of the managers of the Control departments (outsourced to the Parent Company)<sup>16</sup>.

#### ROLE OF THE PLANNING AND CONTROL DEPARTMENT (Governance and Planning OU)

The Planning and Control Department of the Governance and Planning OU assists senior management in the identification of corporate governance arrangements, including decision-making processes and an organisational structure that specifies in a clear and documented form the hierarchical relationships and the division of functions and responsibilities; it collaborates with CPO in the preparation of the Remuneration Policies document, also through the involvement of the relevant corporate departments.

It is involved in the process of determining the Remuneration Policies with regard to:

- the definition of the target values of performance indicators;
- the achievement of performance targets, on the basis of the data collected on the indicators identified in the Remuneration Policies.

In particular, in line with the roles defined by the Bank of Italy Regulation as well as the indications given by the BoD, it ensures, to the extent of its competence, the involvement of

- Senior Management;
- the Risk Management Department;
- the Compliance Department;
- the Internal Audit Department.

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<sup>16</sup> The outsourcing contracts signed by CREDEM also define, in detail, the amount of money EUROSGR is required to pay for the provision of Internal Audit, Compliance, Risk Management, Anti-Money Laundering and Personnel Management services, respectively. It is also held that these outsourcing arrangements are fully capable of not undermining compliance with the general principles dictated by the Bank of Italy Regulation

### ROLE OF THE COMPLIANCE DEPARTMENT

Through the BoD, the Compliance Department<sup>17</sup> is involved in defining the Remuneration Policies, to verify regulatory compliance.

In particular, in compliance with the principles of independence of the Department, Compliance:

- verifies that the relevant policies and procedures adopted by EUROSGR are appropriate to prevent the risk of regulatory non-compliance
- preliminarily verifies that the Remuneration Policies and any proposed revisions comply with the Bank of Italy Regulation, the legislation in force from time to time, and the Articles of Association;
- cooperates, to the extent of its competence, with the Risk Management Department, to define performance indicators and parameters;
- reports to the BoD on the outcome of the verifications carried out with regard to the Remuneration Policy, for the adoption of any corrective measures.

### ROLE OF THE RISK MANAGEMENT DEPARTMENT

Through the Board of Directors, the Risk Management Department<sup>18</sup> is involved in ensuring that the SISPREs adequately account for all risks taken on by the manager, according to methodologies consistent with those the manager has adopted for risk management for regulatory and internal purposes.

In particular, in compliance with the principles of independence, the Risk Management Department:

- assesses the risks associated with the Remuneration Policies and their general consistency with the risk appetite defined by the BoD;
- cooperates, to the extent of its competence, with the Compliance and Planning and Control Department to define performance indicators and parameters.

### ROLE OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department<sup>19</sup>, verifies, at least once a year, the compliance of the remuneration practices with the regulations in force and the correct application of the Remuneration Policies on the basis of the guidelines defined by the BoD, with a view to efficiency and safeguarding the Company's assets. The Internal Audit Department communicates the results of its audits to the BoD so that the latter can evaluate adoption of any corrective measures. The results of the audits are reported annually to the Shareholders' Meeting.

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<sup>17</sup> The Compliance Department is outsourced to the Parent Company through a servicing contract.

<sup>18</sup> The Risk Management Department is outsourced to the Parent Company through a servicing contract.

<sup>19</sup> The Internal Audit Department is outsourced to the Parent Company through a servicing contract.

#### ROLE OF THE CPO OFFICE - CREDEM COMPENSATION POLICY

CPO collaborates with the Governance and Planning OU in the process of defining the Remuneration Policies, on the basis of the regulatory provisions in force, ensuring compliance with the guidelines issued by the Parent Company where not conflicting. By virtue of its specific expertise in this area, it provides technical and methodological assistance and supports the Company in certain specific areas such as: i) identification of performance indicators, ii) the identification and certification of results achieved (with specific reference also to the so-called "gates" and the Group's after the fact adjustment mechanisms), iii) verification and application of deferral mechanisms for PPR, (iv) drafting of Policies.

#### CONCLUSIONS

On the basis of the above, it is held that an adequate governance structure has been established, such that decisions on Remuneration Policies made at the appropriate level within EUROSGR, with adequate informational support, while also excluding possible conflicts of interest

## **5 Remuneration of Directors**

EUROSGR has adopted a “traditional model” and is strategically supervised and managed by a BoD. Remuneration for Directors does not include a variable component, nor are they subject to a SISPRE. Similarly, no severance payments are established.

Without prejudice to the provisions of the law and the Articles of Association, the remuneration of the Directors is decided by the Shareholders' Meeting and, in the case of special proxies, by the Board of Directors.

In both cases, the amount of the remuneration is subject to prior indication by the Parent Company and the current results fully reflect that indication.



## 6 Remuneration of Supervisory Bodies

The Shareholders' Meeting resolves on the remuneration of the members of the Board of Statutory Auditors ("**BSA**").

The approved fees consist of predetermined fixed amounts, not linked to the Company's results, nor based on financial instruments, paid annually and differentiated solely on the basis of the office of Chairman or Statutory Auditor.

There is no severance payment established for members of the BSA.

The amount of the remuneration is subject to prior indication by the Parent Company and the current results fully reflect that indication.

In this context, in the presence of fixed and predetermined amounts for the members of the Control Body, the Remuneration Policy for Statutory Auditors is compliant with the regulatory principles indicated, i.e. consistent with sound and prudential risk management, avoiding incentives that might encourage excessive hiring.i.

## 7 General Characteristics of Remuneration Policies

The determination of the SISPRE takes into account:

- the preparation of guidelines by the Parent Company on:
  - Group "gates" for access to the same;
  - the limit on the ratio of variable remuneration to fixed remuneration;
- the classification of EUROSGR as a "Significant Company", as a result of the Self-Assessment process carried out by the Parent Company in application of i) the Bank of Italy Provisions on "company remuneration and incentive practices" transposing the CRDV Community Directive and ii) the EBA RTS, which define the qualitative and quantitative criteria for the identification of the PPR;
- the application of the criterion of proportionality, which allows for the definition of methods to apply sector provisions (Bank of Italy Regulation) appropriate to the characteristics of the Company (size, assets, and number of products managed and internal organisation, nature, scope and complexity of the activities carried out);
- the results of the individual identification process carried out by the Company in application of industry regulations (UCITSV and Bank of Italy Regulations).

### 7.1 Principle of Proportionality

As required by Article 43 of the Bank of Italy Regulation, EUROSGR must develop remuneration policies and practices that are consistent with its characteristics and therefore take into account the size of the company and the assets it manages (UCITS and AIFs), its internal organisation, and the nature, scope and complexity of the activities it performs. In order to define the application methods best suited to its characteristics and in application of the principle of proportionality<sup>20</sup>, with respect to the provisions on remuneration and incentive systems best suited to its characteristics, the Company carried out a self-assessment to analyse its complexity, both at the level of assets and products under management and organisational structure. The findings of the self-assessment show that EUROSGR qualifies as "Significant", on the basis of the NPC, considering the exceeding of the NPC limit as defined in the Bank of Italy Regulation<sup>21</sup>.

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<sup>20</sup> Bank of Italy Regulation, Annex 2, paragraph 4 "Principle of proportionality".

<sup>21</sup> Bank of Italy Regulation, Annex 2, paragraph 4 "Principle of proportionality": "...Managers with net assets under management of EUR 5 billion or more are always considered significant..."

With reference instead to the internal organisation<sup>22</sup>, and the nature, scope and complexity of the activities carried out, it was decided to define the Company as "Complex".

## 7.2 The PPR Identification Process

As required by Article 43 paragraph 3 of the Bank of Italy Regulation and relative Annex 2, EUROSGR has identified the PPR, i.e. the category of persons whose professional activity has or may have a material impact on the risk profile of the manager, UCITS or AIF.

The purpose of the identification process is to adjust application of the provisions according to the actual ability of the subject to affect the manager's risk profile.

To identify EUROSGR's PPR, responsibilities, hierarchical levels, activities performed and operational delegations of personnel were verified, in order to assess the relevance of each subject in terms of risk-taking.

Annex 2, paragraph 3 of the Bank of Italy Regulation defines the "Qualitative Criteria" and "Quantitative Criteria" on the basis of which the PPR should be identified.

The identification process took into account the main organisational changes, including the closure of the Luxembourg branch.

Under these criteria, the PPR scope include:

- members of the BoD;
- the GM (already identified as within scope of the CREDEM Group's PPR, on the basis of the identification process carried out by the Parent Company in application of the provisions on banking groups);
- 1 member of senior management (Investment Service), and
- 1 "other" risk taker (Portfolio Management).

The scope of PPR also includes the Heads of the Control Departments<sup>23</sup>.

It should also be recalled that the Internal Audit, Compliance, Risk Management and Anti-Money Laundering Departments are subject to outsourcing contracts signed by CREDEM, which also define - in detail - the amount of the sums that EUROSGR is required to pay for provision of the relevant services.

The Human Resources Department and legal activities are also outsourced to the parent company. As part of the identification activities, positions that fell within the parameters of annex 2, paragraph 3 but did not fall within the scope of PPR were also assessed.

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<sup>22</sup> As of 12/2024, EUROSGR closed the branch in the Grand Duchy of Luxembourg, reallocating the related activities to the organisational units of EUROSGR and of the Parent Company

<sup>23</sup> Joint Regulation Annex 2, paragraph 3: "...Reference is made to the functions of internal audit, compliance, risk management..."

Specifically, this includes the heads of the Governance and Planning and the Future OUs, which provide support activities for Senior Management. It was not found that these positions, which acquired the activities allocated to the Corporate Centre<sup>24</sup>, took on significant risks in carrying out their activities insofar as these are conducted under the direct control of GM (i.e. middle and front office activities, etc., for the Future OU, and support for “teal organisation” development, product governance and planning, etc., for the Governance and Planning OU).

## 7.3 The Components of Remuneration

Employee remuneration consists of two components:

- Fixed remuneration;
- Variable remuneration.

### 7.3.1 FIXED REMUNERATION

This is the most stable part of employee remuneration, reflecting professional experience and organisational responsibilities.

The well-established meritocratic approach used in the Group's remuneration policy envisages evolution of the same (in terms of position and increases in salary and wages) in a manner strictly correlated to the different levels of responsibility achieved (significance of the position held), the ability to continuously replicate results over time (performance stability) and the development of distinctive skills (the "criticality" of the individual).

The components of fixed remuneration include any indemnities linked to particular activities and functions performed and/or role, and compensation (so-called attendance fees) deriving from any offices held in corporate bodies.

### 7.3.2 VARIABLE REMUNERATION

This represents the portion of remuneration that is linked to performance and is thus intended to recognise the results achieved, in line with the Group's capital and income sustainability requirements, correcting for risk.

The short-term SISPRE is one of the variable components of remuneration, "carried interest" also falls within this category.

Although not actually connected to performance, for regulatory purposes the "covenants supplementary to the employment relationship" are also considered variable remuneration, such as

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<sup>24</sup> Closed as at 01.2025.

the Pre-employment Term Prolongation Pact ("PTP") and the Non-Competition Pact ("PNC"), also paid during the employment relationship.

Another area of variable remuneration involves bonuses paid for the implementation of projects of an extraordinary nature, such as "special bonuses" or retention bonuses, linked to time within the company or the occurrence of a certain event or project.

The purpose of these agreements is also to ensure that the Group is able to retain its key people, in a context of sustainability and correct behaviour.

These forms of remuneration - if paid to the PPR - must first receive an opinion from the RC and a subsequent resolution made by the BoD, applying the same rules in terms of payment methods and risk adjustment as for the bonuses associated with the SISPREs (deferral, financial instruments and cash share, *malus* and claw back clauses).

It should be noted that Personnel are prohibited from using personal cover strategies or remuneration and liability insurance that may alter or affect the effects of risk alignment.

## 8 PPR Remuneration

### 8.1 Remuneration Policy 2024

#### 8.1.1 VARIABLE REMUNERATION

The SISPRE 2024, approved by the BoD on 5.03.2024, was prepared in accordance with the guidelines provided by the Parent Company (through the CPO), in accordance with the provisions contained in the Bank of Italy's remuneration provisions and the sector regulations (Bank of Italy Regulations) when prevailing.

#### Group access gates, EUROSGR performance targets and determination of the ceiling (bonus pool)

Having surpassed the established Group capital and liquidity indicators (CET1 - Common Equity Tier 1 and NSFR - Net Stable Funding Ratio) and achieved the Group results (so-called Group "Superindex"), the EUROSGR SISPRE was activated, as the targets set in the "Superindex" (industrial Profit Before Tax ("**industrial UAI**")<sup>25</sup>, Net Production of Group UCITS and SIQ - "Superindex of Product and Service Quality"<sup>26</sup> had been achieved.

The amount to be allocated to the "Traditional" SISPRE and the additional component linked to the realisation the performance fee was therefore determined.

The ceiling refers to the entire corporate population.

#### Awarding individual bonuses

The effective participation of an individual in the bonus system occurs based on individual performance, measured in line with the balanced scorecard standards, which are officialised in the "KPI Sheets" ("Key Performance Indicator"), developed according to a logic that includes, when appropriate, before the fact risk adjustment aspects consistent with the individual's scope of responsibility.

Therefore, once the Company's and the Group's performance targets have been reached and the amount of the available bonus pool had been determined, the amount of the individual bonus was determined for the PPR of the Board of Directors, after hearing from the RC, based on:

- individual performance results ("KPI sheet");
- the complexity of the role in management terms;
- individual curriculum and historic performance trends.

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<sup>25</sup> The target does not include the so-called "perfo fees". The recovery of the contribution provided by the "perfo fees" occurs through an additional bonus grid that is added to the "Traditional" SISPRE, the amount of which is calculated based on the level of "perfo fees" achievement with respect to the budget.

<sup>26</sup> The SIQ is instrumental in assessing overall company performance (the results of the management team and service levels delivered by the relevant structures

Maximum bonus and payment methods for individual bonuses (malus clauses, deferrals and after the fact adjustment, units of funds and claw back)

With more specific reference to the method used to pay individual bonuses, note that during 2024 for the Company's PPR the maximum amount of total individual bonuses was established as equal to 2x RAL for General Management (GM and DGM) and 1x RAL for "Other" risk takers.

In the event of a bonus, "> EUR 50,000.00 or > 1/3 of the total remuneration", the following methods for paying the bonus, according to the chosen payout:

- 51% of the total bonus (General Management) and 50% of the total bonus ("Other" PPR) is paid using units of selected funds that make up a balanced basket representing EUROSGR's funds; the remaining 49% (General Management) and 50% ("Other" PPR) are paid in cash. The number of fund units paid is determined at the time the bonus is determined. Fund units are subject to an appropriate retention policy, realised through a deferred delivery promise, equal to 1 year for both the up front and deferred units;
- 25% (General Management) and 30% ("Other" PPR) of the upfront bonus is paid in cash; 25% (General Management) and 30% ("Other" PPR) of the upfront bonus is paid in fund units with a deferred delivery promise of 1 year; the remaining 50% is deferred over the following 5 years for General Management and the remaining 40% deferred over 4 years for "Other" PPR (also considering the deferred delivery periods applied to the deferred amounts paid in fund units).

Individual deferred portions assigned will be subject to specific after the fact risk adjustment conditions, relative to the targets for the year preceding payment of the instalment and malus and claw back mechanisms.

## **8.2 Remuneration Policy 2025**

### **8.2.1 VARIABLE/FIXED REMUNERATION IMPACT LIMITS ("CAP")**

With regard to the annual upper limit on the impact of variable remuneration with respect to fixed remuneration, the cap of 2x RAL (fixed gross annual salary plus any function/office indemnities and Director's fees) was confirmed as at 31.12 of the reference year for General Management and for portfolio managers and product specialists in the Investment Service, as approved by the Shareholders' Meeting in 2019 and 2020.

The cap was determined with the rationale of supporting the Group's ability to attract and retain staff, maintaining the competitiveness of the remuneration package of the relevant individuals, while also

protecting and fostering the development of the Wealth management Area in a sector with a high level of competitive pressure.

For the rest of the PPR and "Other" EUROSGR staff, the threshold of 1x RAL was maintained.

For FAC Managers the threshold of 0.33x RAL was confirmed, while for "Other" FAC Personnel the threshold of 0.4x RAL was confirmed.

### 8.2.2 VARIABLE REMUNERATION

The SISPRE 2025 was prepared in accordance with the guidelines approved by the parent company CREDEM and with sector regulations (Bank of Italy Regulations) and approved by the BoD on 11.03.2025, after consulting with the RC.

It should be noted that the CREDEM Group's SISPRE activation mechanisms occurred, meaning that the sustainability conditions (Group Gates) were reached, which have the aim of ensuring that variable remuneration is paid out in a context of Group capital and financial adequacy (consistent with that defined in the RAF - Risk Appetite Framework) and the achievement of individual EUROSGR targets, set out in the "Superindex".

The characteristics of SISPRE 2025 for EUROSGR PPR are as follows:.

- access gates;
- Company performance targets and determination of the bonus pool;
- assignment of individual bonuses;
- individual bonus payment methods (malus, deferral and after the fact adjustment and claw back clauses);
- maximum bonus amount.

#### Access gates

In order to ensure that variable remuneration is paid in a context of Group capital and financial adequacy, activation of the SISPRE for the Company's PPR requires the achievement of certain levels for Group CET1 - Common Equity Tier 1 and NSFR - Net Stable Funding Ratio (which monitor the Group's capital adequacy and liquidity levels, the targets of which are determined on the basis of the RAF).

#### Company performance targets and determination of the bonus pool

After reaching the access gates and the Group results, activation of the EUROSGR SISPRE for 2025 requires the achievement of the Company's individual targets ("Superindex") which are linked to performance, income, risk-return and capital levels, defined in the budget and approved by the EUROSGR BoD.



The Company's individual targets are summarised in the "Superindex", which includes income and risk items, and consists of:

- Industrial UAI<sup>27</sup>;
- Group net UCITS production;
- % ESG AUM on total AUM;
- SIQ - "Product and Service Quality Superindex"<sup>28</sup>.

The size of the bonus pool is determined according to the achievement level with reference to this Company "Superindex".

The proposed mechanism, by means of a sound risk alignment practice based on objective parameters, ensures symmetry between the amount of the bonus pool and results, allowing for it to be decreased if the targets are not achieved (down to zero).

EUROSGR annually determines the amount to be allocated to the overall SISPRE (ceiling) or allocated to the entire corporate population.

This amount is determined, when planning/scheduling, in relation to the company's expected pre-tax result for the year, and only in the case in which a positive result is expected following the planning process (UAI).

This is expressed through a UAI percentage that takes into account the average size of the Company during the reference period (no. of employees) and their distribution by responsibility/position/level. The UAI target is determined including the amount of the ceiling (according to a consolidated principle of self-financing).

Also maintained for 2025 was the incentive mechanism that takes into account the achievement of performance fees, through an additional bonus grid that is added to the SISPRE grid; in 2025, this bonus is calculated based on the level of "perfo fees" achieved with respect to the budget.

#### Awarding individual bonuses

The effective participation of an individual in the bonus system occurs based on individual performance, measured in line with the balanced scorecard standards, which are officialised in the "KPI Sheets" ("Key Performance Indicator").

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<sup>27</sup> Industrial UAI, hence net of performance fees.

<sup>28</sup> see note 22.

The KPI Sheets are developed according to a logic that includes, when appropriate, before the fact risk adjustment and sustainability aspects consistent with the individual's scope of responsibility. More specifically, in line with the area of responsibility and decision-making level of the individual, targets are divided into 4 areas:

- "Profitability";
- "Risks and Processes";
- "Team";
- "Sustainability" (GM).

The "Sustainability" Area reflects the ESG (Environmental, Social and Governance) orientation of the CREDEM Group and is made up of items (also stated in the "CSR Section of the Management Report" of the Parent Company) relating to the Definition of the Decarbonisation Strategy, the Reduction of Indirect Emissions (scope 3), Sustainable Finance, ESG Training and Gender Equality.

For the process of developing sustainability factors and relative risks, taking into account the regulatory framework<sup>29</sup>, "ESG" items were identified for any "Other" risk takers whose work has an impact on sustainability aspects. These items – included in the KPI Sheets of risk takers in the Wealth Management Area<sup>30</sup>, to which EUROSGR belongs – are appropriately identified with the aim of stimulating behaviour consistent with a sustainable finance concept.

The theme of sustainable finance forms the basis for the creation of a range of products and services that also reflect "ESG" criteria.

In addition, the Wealth Management Area has continued its work to strengthen the investment process with a view to sustainability, while ensuring a higher level of Corporate Social Responsibility. These actions make it possible to offer customers products and services that are increasingly in line with the principles of sustainability. Always on the subject of sustainability, a "Wealth Management Area Sustainability Committee" has been established (in which Group companies involved in asset management participate). In coordination with the Group Sustainability Committee, it is intended to oversee the issue in general and stimulate investments in the environmental and social spheres in particular. The United Nations Principles for Responsible Investment<sup>31</sup> were signed.

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<sup>29</sup> EU Regulation 2088/2019 on Sustainability Reporting in the Financial Services Sector and Guidance on Climate and Environmental Risks - Supervisory Expectations for Risk Management and Reporting (11.2020)

<sup>30</sup> Co-ordination Department and related Group Companies

<sup>31</sup> The Principles for Responsible Investment (PRI) were launched by the United Nations in 2006 with the aim of fostering the spread of sustainable and responsible investment among institutional investors; adherence to the PRI entails compliance with and application of the following principles:

- incorporate environmental, social and governance (ESG) parameters into financial analysis and investment decision-making processes;
- be active shareholders and incorporate ESG parameters into shareholder policies and practices;

ESG indicators, as part of the KPI sheet, contribute to performance and determination of any bonus. Once the Group gates have been passed and the amount of available bonus pool has been determined, the amount of the individual bonus is determined by the BoD, based on a proposal from the RC, based on:

- individual performance results ("KPI sheet");
- the complexity of the role in management terms;
- individual curriculum and historic performance trends.

Individual bonus payment methods (malus, deferral and after the fact adjustment clauses, fund units and claw back clauses)

The BoD, with the assistance of the RC, in application of the provisions of the Bank of Italy Regulation, resolved on bonus payment methods for the PPR, in terms of deferment and financial instruments and the mechanisms relating malus, after the fact risk adjustment, fund units and claw back provisions.

The payment methods are set out below:

- GM and other members of General Management:
  - the payout established calls for payment of 51% of the total bonus with units of selected funds, comprising a balanced basket that represents the manager's funds ("**Fund Units**") with the remaining 49% paid in cash. The number of Fund Units paid is determined at the time the bonus is granted. Fund units are subject to an appropriate retention policy, realised through a deferred delivery promise, equal to 1 year for both the up front and deferred units;
  - 50% of the bonus is paid up front:
    - 25% in cash (04.2026) and
    - 25% in Fund Units with a 1y deferred delivery promise,
  - the remaining 50% is deferred over the following 5y,

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- require reporting on ESG parameters by the companies invested in;  
- promote the acceptance and implementation of the Principles in the financial industry;  
- collaborate to improve the application of the Principles;  
- report periodically on the activities and progress made in implementing the Principles

▪ “Other” PPR:

- the payout established calls for payment of 50% of the total bonus with the assignment of Fund Units and the remaining 50% paid in cash. This pay out applies to both the up front and the deferred component. The number of Fund Units paid is determined at the time the bonus is granted. Fund Units are subject to an appropriate retention policy, realised through a deferred delivery promise, equal to 1 year for both the up front and deferred units;
- 60% of the bonus is paid up front:
  - 30% in cash (04.2026) and
  - 30% in Fund Units with a 1y deferred delivery promise,
- the remaining 40% deferred over the following 4y.

If the variable component exceeds the materiality threshold defined for the year (EUR 436,933), for the entire PPR:

- the payout established calls for payment of 55% of the total bonus with the assignment of Fund Units and the remaining 45% paid in cash. The number of Fund Units paid is determined at the time the bonus is determined. Fund Units are subject to an appropriate retention policy, realised through a deferred delivery promise, equal to 1 year for both the up front and deferred units;
- 40% of the bonus is paid up front
  - 20% in cash (04.2026) and
  - 20% in Fund Units with a 1y deferred delivery promise,
- the remaining 60% deferred over the following 5y.

For bonuses " $\leq$  EUR 50,000 and  $\leq 1/3$  of Total Remuneration", a principle of proportionality applies to simplify the payment mechanisms (the bonus paid up front and in cash).

. Individual deferred amounts are subject to malus and after the fact risk adjustment conditions. Specifically, deferred amounts are:

not paid in the event of:

- termination by the company for reasons other than justified objective ones, prior to payment of the instalment;
- resignation before payment of the instalment (unless for the purpose of obtaining a pension);
- receipt of significant findings from the Supervisory Authority;
- receipt by the competent corporate bodies and/or departments prior to payment of the instalment of objections or communications that indicate the professional services were carried out in contrast to the requirements of good faith and fair dealing;
- Group consolidated loss;
- Group CET1 - Common Equity Tier 1 ratio below the existing minimum regulatory amount;
- Regulatory capital less than 2x the amount of minimum capital required for authorisation to conduct business<sup>30</sup>;
- operating loss;
- the average performance for the overall managed portfolio below 20% of the target defined in the SIQ - "Product and Service Quality Superindex";

reduced to 50% in the case of:

- Adjusted Group Pre-tax Profit (adjusted for extraordinary non-structural positive/negative items) less than 50% of target;
- Group CET1 - Common Equity Tier 1 ratio below 85% of target (with the exception of extraordinary transactions and/or regulatory changes);
- Regulatory capital less than 4x the amount of minimum capital required for authorisation to conduct business<sup>32</sup>;
- Adjusted EUROSGR pre-tax profit below 50% of target;
- the average performance for the overall managed portfolio below 30% of the target defined in the SIQ - "Product and Service Quality Superindex".

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Application of the claw back mechanism was also confirmed, based on which the net bonus received must be partially or entirely returned if, in the 5y following payment of the bonus, EUROSGR finds fraudulent or grossly negligent behaviour, behaviour resulting in a significant loss for the Company, loss of good standing requirements, or breach of obligations regarding remuneration policies..

<sup>32</sup> see II.1.3 - Bank of Italy Provision 19.01.2015, as amended on 23.12.2016 implementing Directive 2014/91/EU (UCITSV).

## **9 Employee Remuneration**

With regard to the remaining employees who do not fall into the categories described above, below are details on how the typical instruments in the Remuneration Policies will be utilised.

### **9.1 Remuneration Policy 2024**

#### **9.1.1 VARIABLE REMUNERATION**

The 2024 incentive mechanisms for employees were designed in line with an overall logic of sustainability, thus taking into account the levels of liquidity, capital adequacy, risks and proper management of customer relations.

As better described in section 8.1.1 above, once the Group's gates have been passed and the Company's "Superindex" targets have been met, the SISPRE can be activated for "Other" employees.

Individual bonuses were determined on the basis of the person's level of performance achieved, taking into account the role held, their curriculum and historical performance trends.

With reference to fund managers, the criteria used to determine the "SIQ Managers" score are specifically outlined, used to determine whether the SISPRE for portfolio managers are activated.

The SIQ also serves to link individual performance to the risk/return profile of the managed UCITS.

Lastly, it should be noted that the Welfare Result Bonus, intended for persons in the Executive and Professional Area categories, was disbursed, which is allocated on the basis of the achievement of profitability, capitalisation and productivity objectives that ensure self-financing and sustainability.

### **9.2 Remuneration Policy 2025**

#### **9.2.1 VARIABLE REMUNERATION**

Also for employees outside of the clusters analysed above, incentive mechanisms are designed in a logic of sustainability, thus taking into account risks, liquidity capital strength and customer relations.

Activation of the SISPREs is therefore conditional upon passing the access gates, such as the Group's capitalisation and liquidity requirements, which must then be followed by the achievement of the Company's individual objectives linked to income, risk/return and capital level performance, as better described in the previous section. 8.2.2.

The proposed mechanism allows the bonus pool to be significantly reduced, even down to zero, in the event of failure to meet targets, applying a sound risk alignment practice based on objective and immediately assessable parameters.

Consistency between corporate and individual targets is achieved with the KPI system, through which corporate targets are applied downstream throughout the organisational structure until individual targets are reached.

In addition to objectives linked to business results, consistent with the assigned responsibilities, risk control objectives are included.

In particular, for portfolio managers, the KPI form uses the SIQ item to link individual performance with the risk/return profile of the managed UCITS.

Once the activation of the bonus pool has been verified and the maximum impact limits have been proposed to the Shareholders' Meeting (see paragraph 8.2.1), individual bonuses are determined:

- based on the level of achievement of individual performance;
- taking into account the complexity of the role in management terms or the level of specialist skills achieved;
- taking into account seniority, individual curriculum and historical performance record.

For all EUROSGR Employees other than PPR, payment of any bonuses occurs immediately, in one lump sum (up front) by 30.04 of the year following the reference period (for the present Remuneration Policies: 1.01- 31.12.2025).

Individual bonuses are not payable in the following cases:

- notice of termination of employment made by the company before the date of disbursement;
- resignation of the employee before the date of disbursement of the bonus, even if they are in service during the notice period;
- disputes resulting from the violation of the obligations of good faith/correctness or disciplinary sanctions resulting from the violation of rules, non-compliance, operational errors or misconduct in general;
- presence during the reference period of an inspection report showing a high residual risk, with the exception of cases of prompt activation to resolve the anomalies highlighted;

- *compliance breach* individual breaches with an impact on the remuneration and incentive system.

Additionally, claw back mechanisms (2y) are also in place for cases of fraudulent or grossly negligent conduct that does not comply with the provisions of the law, the Articles of Association, external and internal regulations, the Code of Conduct and that has generated or contributed to generating damage or losses for the Group or its customers, and in the event of violation of the prohibition against using personal hedging strategies or remuneration insurance.



## 10 Special Clauses in the Event of Termination of Employment

In general, no additional compensation or individual discretionary pension benefits are provided for early termination of employment or early termination of office.

The following components fall within the scope of the provisions on amounts agreed upon with a view to or on the occasion of the early termination of employment or early termination of office and are deemed to be additional remuneration ("golden parachute"):

- PNCs entered into upon termination of office or employment;
- amounts disbursed, as a result of or in connection with agreements between the Company and Personnel for the out-of-court settlement and/or assisted negotiation of actual or potential disputes (i.e. conciliation); and
- indemnities for lack of notice for the portion exceeding that provided for in the CCNL (national collective bargaining agreement).

On the other hand, the following are excluded:

- amounts disbursed as a result of agreements between the Bank and Personnel for the settlement of disputes (i.e. conciliation) in court or at the proposal of the Judge or the Arbitration Board or as a result of judicial orders or arbitration decisions<sup>33</sup>;
- the TFR - employee severance indemnity;
- amounts recognised as PNC, for the portion not exceeding fixed remuneration for the previous year;
- indemnities for lack of notice, if falling within the limits provided for by the CCNL.

The amount of the additional remuneration is set as a maximum of 24 months of the fixed remuneration<sup>34</sup> received the previous year. The maximum disbursement is quantified at Ek 1,900,000 (inclusive of additional fees, amounts paid as consideration for any PNCs and indemnity for lack of notice).

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<sup>33</sup> According to the provisions of the CCNL (national collective bargaining agreement) for executives, in the event of termination of the employment relationship, the person concerned may be granted a so-called additional indemnity, in addition to the contractual termination indemnity and notice indemnity, in an amount equal to between 7 and 22 months' salary, to which up to 7 additional months' salary may be added in relation to seniority and age, thus up to 29 months' salary

<sup>34</sup> Fixed remuneration: fixed gross annual remuneration (salary, increments, tabular restructuring amount, *ad personam*), function/role allowances and Director's fees

To calculate the limit for the variable/fixed ratio relative to the last year of employment or office, "golden parachutes" are included with the exception of amounts agreed upon and recognised:

- i. on the basis of a PNC, up to the limit of one year's fixed remuneration for each year of the agreement;
- ii. as part of an agreement between the Company and Personnel for the settlement of an actual or potential dispute, in whatever forum it is reached, if calculated on the basis of the following formula:

$[1 \text{ year Fixed Remuneration}] \times [\text{Correction Factor}].$
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The "Correction Factor" may vary from 0 to 2, depending on historical data and/or objective facts measured through the impact of the following criteria:

individual performance
seniority within the company
risks
behaviour
social impacts (dependants and age)
fulfilment of pension requirements
assumption of non-standard/additional commitments (e.g. confidentiality, non-compete)
corporate interest

The criteria for defining such remuneration are based on the principle of their correlation to the performance achieved over time and the risks assumed by the Person and the Company.

Any additional remuneration must therefore be in line with the company's strategies with a view to the long term, prudent risk management, EUROSGR's capital strength and liquidity, as well as taking into account individual conduct; it will be paid in the technical forms and with the legal qualifications that allow for optimisation of costs and the pursuit of the company's objectives.

It is subject to the claw back rules set out in the Remuneration Policy for the relevant year.

In the event it is defined to the benefit of PPR, the additional remuneration is subject to the deferred payment mechanisms and the mix of cash and financial instruments, with the same schemes provided for the payment of variable remuneration to the PPR resolved for the relevant year and category and the related malus clauses.

Consistent with the regulatory framework, the aforementioned rules do not apply to amounts agreed in view of or on the occasion of the early termination of employment or termination of office of both the PPR and "Other" Personnel in the context of extraordinary transactions (e.g. mergers) or corporate restructuring processes, provided that they jointly meet the following conditions:

- i. respond exclusively to the logic of containing company costs and rationalising the workforce;
- ii. are of an amount not exceeding EUR 100,000;
- iii. provide for claw back mechanisms covering at least cases of fraudulent or grossly negligent conduct to the detriment of the Company.

Similarly, for "Other" Personnel, the amounts paid by way of redundancy incentives are derogated, which:

- respond to the logic of containing company costs and rationalising the workforce;
- are aimed at obtaining the right to the pension treatment provided for by the legislation in force at the time with particular reference to the payment of contributions and any income support measures;
- do not produce distorting after the fact effects on Staff behaviour,
- provide for claw back mechanisms, covering at least cases of fraudulent conduct or gross negligence to the detriment of the Company (not applied only to amounts intended for contribution payments or for the redemption of periods not covered by contributions, insofar as they do not supplement personal income).

## **11 *Benefits***

The CREDEM Group, in addition to the provisions of the law and the national and company collective bargaining agreements, offers the following additional benefits:

- low-interest loans and mortgages for all Group employees;
- company car for mixed use for management positions above a certain level;
- specific forms of health care.

There is no discretionary pension or social security.

## 12 Conclusions

EUROSGR's Remuneration Policy is aligned with corporate and Group objectives and values, long-term strategies and prudent risk management policies.

The choices made regarding the incentive policy are in line with sector regulations and the Supervisory Provisions.

Each element of the Remuneration Policy aimed at different population groups has a specific purpose and recognises specific result areas as outlined below:

- fixed remuneration - responsibility, importance of the role, competence and loyalty;
- variable remuneration - short- and medium-term objectives, sustainable in terms of capital adequacy and risk level, also consistent with a long-term value creation strategy.

In summary, it is considered that variable remuneration:

- is appropriately benchmarked to performance indicators, also taking into account the risks, capital and liquidity required to meet them and the associated costs;
- is symmetrical to the results actually achieved, falling to zero in the event of results which are significantly lower than expected;
- presents a proper balance with respect to the fixed component with a higher incidence for PPR, in relation to the importance of the individual's role and position within the business;
- with particular reference to PPR, an appropriate portion is deferred.

## 13 Salary Tables 2024

This Report is accompanied by a table summarising the quantitative information on remuneration practices for the year 2024, in order to provide the Shareholders' Meeting and the Public with the necessary information pursuant to the provisions of the Bank of Italy Regulation.

no. resources	Position	Fixed remuneration	Remuneration for committee participation	Variable cash remuneration		Variable remuneration in financial instruments		Non-monetary benefits	End of office/employment indemnity	Other consulting and professional fees
				Bonus awarded reference year	Bonus payable/paid <sup>(1)</sup>	Bonus awarded reference year	Bonus payable/paid <sup>(2)</sup>			
6.0 resources	Executive and Non-Executive Directors	172,7	8.0	0	0	0	0	0		
3.0 resources	Board of Statutory Auditors	35,0	0	0	0	0	0	0		
4.0 resources	Other Risk Takers	657,2	0	289,7	224,0	254,5	171,7	23,2	<sup>(3)</sup>	

(1) Bonus accrued in the bonus systems during the reference year.

(2) Bonus accrued under bonus schemes in the reference year based on the security/fund price on the grant date. Prices on grant date will differ from those on the actual delivery date.

(3) Following the closure of the Luxembourg Branch, the staff was dismissed in accordance with the provisions of the Grand Duchy. An amount of 832.623,93 Euro was therefore made to a risk taker; this amount is not shown in the table as it does not fall under the category of termination of office or employment relationship.

## 14 Internal Audit Department Certification

This Report is accompanied by Audit Department's certification, as it carried out an audit on compliance with remuneration practices, with reference to the policies approved and the regulations<sup>35</sup> for the year 2024, which is reproduced below..

### *Internal Audit Department Certification*

The Internal Audit department, outsourced to the parent company Credito Emiliano, carried out the required checks, aimed at analysing the remuneration practices for the year 2024, in accordance with the policies and application profiles resolved by the Bodies and with the relevant Provisions issued by the Bank of Italy.

The standard establishes that the evidence obtained and any anomalies identified be brought to the attention of the relevant Company departments so that corrective measures can be adopted when necessary, assessing their relevance for the purposes of prompt disclosure to the relevant Supervisory Authorities, as appropriate. The results of the audit conducted are reported annually to the Shareholders' Meeting.

In line with that expressly established in the current regulatory provisions, to carry out this audit the Internal Audit Department made use of assistance from a major consulting company, specialising in this type of task, ensuring total independence from the management department.

The audit plan is structured so as to identify the operational stages of the process and more specifically: a) governance; b) identification and updating of the perimeter of the Most Significant Personnel (PPR) c) the structure of the remuneration and incentive system with respect to its main components; d) reporting obligations, both qualitative and quantitative, e) effective disbursement of the 2023 incentives liquidated in 2024 with reference to an appropriately chosen sample.

The checks conducted by the Internal Audit Department on remuneration practices, with reference to the analyses completed to date, revealed overall adequacy in terms of compliance of remuneration practices with respect to the policies approved for the 2024 financial year, as well as with the supervisory provisions in force.

Signed digitally

Michele Bussoni

*(Head of the Internal Audit Department, Credito Emiliano S.p.A.)*

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<sup>35</sup> Bank of Italy Regulations implementing Articles 4 *undecies* and 6 paragraph 1, letters b and c *bis*) of the TUF "The internal audit function shall, among other things, verify, at least annually, the compliance of remuneration practices with approved policies and these regulations. The evidence and any anomalies identified are brought to the attention of the competent bodies and departments for the adoption of any corrective measures, which assess their relevance for the purposes of prompt reporting to the competent supervisory authorities. The results of the audits conducted are brought to the attention of the Shareholders' Meeting annually. In carrying out this audit, the manager may also make use of external parties, provided that their independence from the management function is ensured."