

REMUNERATION POLICY

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1. INTRODUCTION

The Management Company (hereinafter also “NEAM”) has adopted this policy with a view to adopt principles consistent with a sound and prudent risk management and that do not encourage risk taking (including sustainability risks), which is coherent with the risk profile, rules or instruments of incorporation of the fund “NEF” and the Management Company.

This policy is also in line with the business strategy, objectives, values and interests of the Management Company and the fund “NEF” in order to protect the interests of investors and to avoid any possible conflict of interest. Lastly, since the Management Company is member of the Italian banking group “*Cassa Centrale Banca – Cooperative Banking Group*” (the “Banking Group”), some conditions may be set at a group level always in respect of Luxembourg and international legislation.

2. REGULATORY FRAMEWORK

According to Art 388 of Circular CSSF 18/698 every IFM must implement a remuneration policy. The objective of this policy is to ensure that remuneration practices are compliant with CSSF Circular 10/437, Art 111a and 111b of Luxembourg Law 17 December 2010, CSSF Circular 17/658 and CSSF Circular 10/497, Guidelines on sound remuneration policies under the UCITS Directive (UCITS Remuneration Guidelines ESMA 2016/575).

Moreover, pursuant to article 5 of the EU Regulation n. 2019/2088, the remuneration policy shall contain appropriate information on how such policy is consistent with the integration of sustainability risks.

3. STRUCTURE OF REMUNERATIONS

The Remuneration Policy covers the remuneration of:

- Members of the Board of the Management Company,
- Identified staff (if any),
- Employees (including Conducting Officers).

Moreover, for the purpose of this policy, the following definitions apply:

Control function: staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a management company

Identified staff: categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the management company’s risk profile or the risk profiles of the UCITS that it manages and categories of staff of the entity(ies) to which investment management activities have been delegated by the management company, whose professional activities have a material impact on the risk profiles of the UCITS that the management company manages.

3.1 Board Members

The Members of the Board perceive only a fixed remuneration in cash, not linked to fund performance. The remuneration of all Board Members is ratified during the Annual Shareholders Meeting.

3.2 Identified Staff

The identified staff is identified as the category of staff who have a material impact on the company's risk profile.

The process of identifying, monitoring and reviewing of identified staff shall be carried out at consolidated level (by the Parent Company among the affiliated Group's companies) and at individual level (by the Management Company).

As regards to the assessment of identified staff to be performed at individual level, the responsible of control functions conduct a first analysis ("self-assessment") aims at identifying the members of Neam organization whose professional activities have a material impact on the company risk profile by analysing the job functions and responsibilities of the employees (including Conducting Officers) and Board members.

The self-assessment should be based on the qualitative and quantitative criteria:

Regarding the **qualitative criteria** as stated in the article 19 of the Guidelines, the following categories of staff, unless it is demonstrated that they have no material impact on the management company's risk profile or on a UCITS it manages, should be included as the identified staff:

- Executive and non-executive members of the management body of the management company, depending on the local legal structure of the management company, such as: directors, the chief executive officer and executive and non-executive partners.
- Senior management
- Control functions
- Staff responsible for heading the investment management, administration, marketing, human resources
- Other risk takers such as: staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the management company's risk profile or on a UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the management company or of a UCITS it manages.

Additionally, as regards to the **quantitative criteria** and as stated in the Article 20 of the Guidelines, if they have a material impact on the risk profile of the management company or of the UCITS it manages, other employees/persons, whose total remuneration falls into the remuneration bracket of senior managers and risk takers should be included as the identified staff.

Once the self-assessment is finalized, the result of the analysis, duly justified and formalized, is sent to the Parent Company which performs a consistency check with respect to the identification process in place within the Group.

Finally, the result of the analysis is shared with NEAM Senior Management.

Lastly, during the board meeting in which the Remuneration Policy is reviewed for its annual update, the Board of Directors analyses the result of the self-assessment by verifying its consistency with the job functions and responsibilities of the employees (including Conducting Officers) and Board members in order to validate the assessment of such roles which could materially affect the company's risk profile. In such a case, the employee identified as "identified staff" is formally appointed by the Board.

At the end of the whole process, the identified staff at consolidated and individual level are informed by means of specific communications.

During the year, if needed, in particular on the occasion of events affecting the Group and/or the company, the mapping of the identified staff at consolidated and/or individual level may be updated.

3.3 Employees (including Conducting Officers)

The remunerations paid by the Management Company to the employees consist of fixed remuneration (contractual remuneration) and an additional variable remuneration. All employees are subject to the collective Bargaining Agreement for bank employees ("Collective Bargaining Agreement") and the salary is based on the role, experience and position of the employee.

The remuneration of all Conducting Officers (employees or not) and the new hired employees who are executives or managers is established directly by the Board of Directors.

Neither fixed nor variable remuneration is connected to quantitative indicators on products performance.

4. FIXED REMUNERATION

The fixed remuneration is composed by the remuneration defined in the employment contract, ticket restaurants and by an integrative pension plan.

The Management Company may offer to its employees various optional advantages (e.g. mobile phone, company car, preferential current accounts in agreement with a bank).

5. VARIABLE REMUNERATION

Employees can benefit from variable remuneration payable after the end of the financial year.

This variable remuneration depends on the achievement of specific professional and technical objectives assigned to employees in a multi-year framework (including, but not limited of specific business objectives to be reached by the Company and the Banking Group, so called “gates”). In identifying such objectives, the Management Company does not encourage an excessive assumption of risks related to sustainability.

The variable remuneration payable is capped and it may not exceed 50% of the gross annual earnings for the identified staff and for all other employees, with the exception of identified staff involved in control functions (risk management, compliance, internal audit and AML/CTF) for whom the variable remuneration is capped to a maximum of 33% of the fixed remuneration.

The Board as a whole is also responsible for the decision of the variable remunerations to be paid to the Conducting Officers and to the others employees.

Concerning the variable remuneration which has to be assigned to the existing employees, the Board approves the maximum bonus payable on an aggregate basis and leaves to the Conducting Officer responsible for HR, heard the opinion of the other Conducting Officers, the decision about the distribution. The amount of variable remuneration which has to be paid to the Conducting Officers is decided directly by the Board.

The variable remuneration is proposed to the Board by the Conducting Officer responsible for HR during the Board meeting following the official communication received by the parent company “Cassa Centrale Banca – Credito Cooperativo Italiano” (hereinafter also “*Cassa Centrale Banca*” or “CCB”) concerning the opening of the relevant gates.

The Management Company’s Board may also decide, depending on specific circumstances, not to pay any variable remuneration.

The employees engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, regardless of the performance of the business areas that they control.

Payments related to the early termination of a contract which are awarded on a contractual basis, shall be related to the performance achieved over time and designated in such a way that does not reward failures nor the assumption of excessive sustainability risks.

Any payments related to the early termination for identified staff should, at least, comply with the rules and principals established by the parent company.

The Board of Directors shall be able to require staff members (including identified staff) to repay all or part of the bonuses (claw back clause) that have been awarded for performance based on data which was subsequently proven to be fraudulent as well as in the case where it is found that the relevant person have determined or contributed to determine:

- fraudulent or gross negligence to the detriment of the company;
- a conduct not compliant with legal or statutory requirements which resulted in a loss for the company;

- a conduct not compliant with legal or statutory requirements, including the assumption of excessive sustainability risks.

The claw back provision can be applied within 5 years from the payment date for identified staff and 2 years for all others.

The variable remuneration can be subject to deferred payment and any *malus* (linked to the deferral) systems, in accordance with the Parent Company's policy and guideline as well as in compliance with the applicable laws.

Variable Remuneration - Conditions of the Banking Group

As already mentioned, some conditions are required in order to activate the process that will lead to the payment of the variable remuneration. Cassa Centrale Banca for all the entities that are part of the "Cassa Centrale Banca – Cooperative Banking Group", has set out the conditions described below, provided that Neam puts in place its own Remuneration Policy in accordance with the applicable law, the main principles of Parent Company's Policy and the CCB guidelines (with particular reference to gender neutrality of personnel, the link with group risks, the adequacy with the group capital and liquidity standards and the Group's medium/long-term approach).

a) variable remuneration – determination

For the companies that are part of the Banking Group the variable remuneration corresponds to an amount which is equal to a maximum of 8.5% of the cost of the staff¹ (theoretical maximum bonus pool).

For NEAM, the rule is a bit different: the maximum of 8,5% is calculated on the accounting item "Staff Costs" ("*spese del personale*" item 160a of Tagetik tool) minus the cost of the theoretical maximum bonus pool.

NEAM bonus pool is defined during the Board that approves the budget for the next year and within the threshold of the theoretical maximum. The bonus pool shall be included in the budget and it is determined taking into account several factors such as the expected return, the practices adopted in the previous years and in the local market, the remuneration system in place.

Therefore, the Management Company will estimate the Profit Before Tax target ("Budget"), that will be compared to the realized one in order to define the maximum bonus pool's amount payable.

In case Neam needs to define a bonus pool higher than the theoretical maximum (calculated by applying the percentage of 8.5% of the cost of the staff), it shall send a request to the Parent Company's Board of Directors, after receiving the opinion of the CCB Remuneration Committee, specifying the amount and the reasons for the request.

During the financial year, if the budget is updated as a result of extraordinary events, the bonus pool can be modified as well.

¹ The cost of personnel is composed by salaries and social contributions.

b) variable remuneration - providing

Cassa Centrale Banca sets out its Risk Appetite Framework (“RAF”), which defines its risk aversion, risk tolerance, risk limits and risk governance.

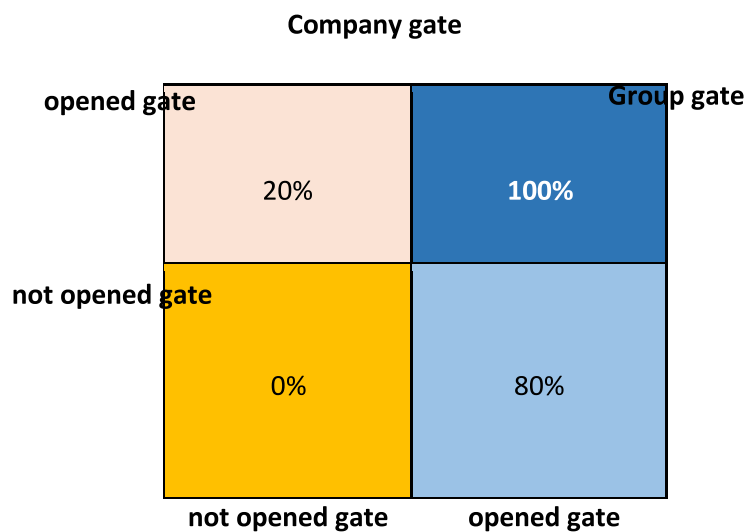
The activation of variable remuneration system is linked to specific requirements set out at Group level and at Company Level.

At Group Level, the “Group Gate” can be opened when:

- The CET 1 (Common Equity Tier 1) Ratio is at least equal to what is foreseen in the RAF of the Group
- The NSFR (Net Stable Funding Ratio) is at least equal to what is foreseen in the RAF of the Group

At Company Level, the “Company Gates” are the same of the ones of the parent company CCB.

The assessment of these conditions is performed on the data as at 31/12 of the relevant financial year.



Once the gates are open, the management company needs to compare the estimated budget with the realized profit:

ESTIMATED BUDGET vs REALIZED PROFIT	VARIABLE REMUNERATION PAYABLE
--------------------------------------------	--------------------------------------

up to 100%	100% of the Bonus Pool
between 75% - 99.99%	85% of the Bonus Pool
between 50% - 74.99%	70% of the Bonus Pool
between 25% - 49.99%	55% of the Bonus Pool
less than 24.99%	30% of the Bonus Pool

In the event of negative realized profit no bonus pool is allocated.

c) variable remuneration – exceptional cases

Based on an overall assessment on the company trend during the year, the Board is entitled to change the determined bonus pool up to a maximum 10%.

Moreover, as an exception, there is the possibility:

1. to provide for a lower bonus pool (equal to a maximum of 20% of the theoretical ones) aimed at selective payments for retention purposes, if the gates are opened only at Group level but not at Company level;
2. to pay bonus even in case of negative realized profit, provided that the minimum capital and liquidity requirements set by the Supervisory Authority are respected.

To benefit of the above mentioned possibilities, Neam has to send a specific request to the Parent company’s HR which has to include a detailed description of the request’s purpose and the amount requested (specifying the theoretical bonus pool originally decided).

The bonus payment is subject to the final approval of parent company’s Board, subject to the positive opinion of the CCB Remuneration Committee and the CCB Risk Committee (after consulting the Parent company’s Risk Management and Planning Departments of the Parent Company).

The parent company’s CEO may be empowered to allocate up to a predetermined maximum annual amount for:

- extraordinary bonus aimed to recognize excellent behaviour (i.e. meritorious performance related to specific project), or
- exceptional payment in occasion of special events or extraordinary facts for all staff.

The criteria used for the awarding of bonus as well as the overall decision-making are recorded and brought to the parent company’s Board for its approval.

The above-mentioned extraordinary bonus is capped to a maximum of 10% of individual fixed remuneration. Anyway, the aggregate amount of this sort of bonus cannot exceed the threshold of 0.5% of staff’s cost foreseen in the budget of the reference year.

d) variable remuneration – exclusion criteria

The variable remuneration on individual basis cannot be paid if one of the following conditions occurs (i.e. compliance breach):

- disciplinary proceedings, arisen during the year, involving the layoff and salary suspension for at least one day, also as a result of investigations performed by the control functions;
- offences punished by Supervisory Authorities.

These conditions and their impact will be assessed by:

- the management company's Board, for the material risk takers;
- the Conducting Officer responsible for HR, for the others employees.

5.1 Annual assessment of Employees

The objectives evaluated for the assignment of the variable remuneration are purely qualitative and are set and evaluated annually. The assessment and the setting of the objectives for the employees who are not Conducting Officers takes place before the date in which will be held the Board Meeting in which the decision on the variable remuneration is taken and in any case by the first semester of the year. The assessment and the setting of the objectives for the Conducting Officers is the responsibility of the Board of Directors. Such objectives could be proposed for discussion to the Board by the Conducting Officers.

The variable remuneration is discretionary and will be recognized depending on the number and importance of the objectives achieved in a multiyear framework.

It is possible to decide not to recognize any variable remuneration in the event of considerable negative outcome in the qualitative evaluation.

6. DELEGATION OF PORTFOLIO MANAGEMENT

The business model adopted by NEAM foresees the delegation of the portfolio management function. When delegating the portfolio management function, the Management Company will check, during the initial and ongoing due diligence that:

- the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA guidelines on sound remuneration policies under the UCITS Directive and the EU Regulation n. 2019/2088;

- appropriate contractual arrangements are put in place with entities to which investment management activities have been delegated, in order to ensure that there is no circumvention of the remuneration rules set out in the mentioned guidelines; these contractual arrangements should cover any payments made to the delegates' *identified staff* as compensation for the performance of investment management activities on behalf of the management company.

7. RESPONSIBILITIES

The responsibility for the definition and adoption of the Remuneration Policy lies with the Board of Directors of the Management Company. The Board reviews at least annually the general principles of the remuneration policy integrating it with policies and guidelines issued by the parent company and it is responsible for, and oversees their implementation.

The Board of Directors of the Management Company:

- ensures that the remuneration policy is properly recorded and accessible within the company;
- ensures that the remuneration schemes are coherent with the overall company's decisions related to risk taking, strategies, long-term goals, organization of corporate governance and internal control;
- is also responsible for the decision of the remunerations to be paid to the Conducting Officers and to the others employees.

The Conducting Officer responsible for HR informs the staff of any Remuneration Policy updates.

The Compliance function is responsible for reviewing, at least annually, the implementation of the remuneration policy.

8. GENDER NEUTRALITY OF REMUNERATION POLICY

In accordance with the principles of the Parent Company's policies, Neam promotes a gender neutral remuneration policy, which means a remuneration policy based on equal pay for male and female workers for equal work or work of equal value. For this end, Neam is committed to ensuring that staff have an equal level of remuneration for equal activities performed.

As part of the periodic review of the Remuneration Policy, the Board of Directors analyses the gender neutrality of the policy and reviews the Gender Pay Gap and its evolution over time at the Company level, documenting the reasons for the gap, where relevant, and taking appropriate corrective action.

It is foreseen that the analysis will be carried out on the basis of the personnel clusters defined by the regulations (members of the Board of Directors, Key Personnel and other personnel) and additional clusters, based on contractual categories/levels; no analysis has to be carried out for those clusters which have fewer than 3 employees of the least represented gender.



9. MAINTENANCE OF THE REMUNERATION POLICY

The Remuneration Policy will be reviewed at least annually by the Compliance function of the Management Company and validated by the Management Committee. Any update needed will be reported directly to the attention of the Board.

The policy is maintained electronically and it is always available to all employees. Moreover, as recommended by ESMA in the UCITS Remuneration Guidelines, the disclosure of the Remuneration Policy is made through its publication on the NEAM/NEF website and a policy's summary in the Annual Report.