

CONFLICTS OF INTEREST MANAGEMENT POLICY

**POLICY AIMED AT IDENTIFYING, PREVENTING, CONTAINING AND MANAGING
CONFLICTS OF INTEREST IN THE RENDERING OF INVESTMENT SERVICES AND IN
TRANSACTIONS WITH CONNECTED PARTIES**

BG FUND MANAGEMENT LUXEMBOURG S.A.

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1 Introduction

This document aims to illustrate the approach that BG FUND MANAGEMENT LUXEMBOURG S.A. (hereinafter “BGFML” or the “Company”) has adopted in relation to conflicts of interest that could arise upon provision of the services and execution of the activities, pursuant to Directive 2010/43/EU containing the procedures for the execution of Directive 2009/65/EC (the UCITS IV directive) of the European Parliament and Council in regard to organisational requirements, conflicts of interest, rules of conduct, risk management and the contents of the agreement between the depositary bank and the management company.

Directive 2009/65/EC requires that all management companies:

- be structured and organised in such a way as to reduce to a minimum the risk that the interests of the UCITS or its clients be adversely affected by conflicts of interest between the company and its customers, between two of its customers, between one of its customers and a UCITS, or between two UCITS;
- strive to avoid conflicts of interest, and should this not be possible, ensure that the UCITS it manages are handled fairly;
- define the measures that can be reasonably expected of management companies in order to identify, prevent, manage and/or disclose conflicts of interest and also define appropriate criteria for determining the types of conflicts of interests which could harm the interests of the UCITS.

Directive 2010/43/EU, the level 2 implementing provision of the UCITS IV directive, provides that:

- The management company must define, apply and maintain an efficient management policy for its conflicts of interest. The management policy for conflicts of interest includes:
 - in regard to the collective management of portfolios undertaken by or on behalf of the management company, the identification of the circumstances that generate or could generate a conflict of interest that could seriously harm the interests of the UCITS or other clients;
 - the procedures to follow and the measures to adopt to manage such conflicts;
- The management company must maintain and regularly update a register containing the types of collective portfolio management activities carried out by the management company or on its behalf, in relation to which a conflict of interest has arisen or, for activities currently underway, for which a conflict of interest could arise that could seriously harm the interests of one or more UCITS or other customers;
- Should the organisational or administrative procedures adopted by the management company for the management of conflicts of interest not be sufficient to prevent, with reasonable certainty, the risk of damages to the interests of the UCITS or the relative unit holders, top management or another internal competent body of the management company must immediately be informed so as to take any necessary decisions to ensure that in any case the management company will act in the best interest of the UCITS and the relative unit holders;
- The management company shall inform investors regarding the above situations using any appropriate durable medium and shall justify its decision.

Since Directive 2010/43/EU provides that when a management company belongs to a group, the conflicts of interest policy must take account also of the circumstances the company is or should be

aware of, that could cause a conflict of interest arising from the structure or the activities of other group members, this document shall illustrate the macro categories of conflicts of interest connected to the current structure of the Banca Generali Group and the activities and/services provided by the entities belonging to it, as well as the measures adopted in order to prevent conflicts of interest and to manage those cases which have the potential of adversely affecting customers.

Since BGFML is subject to the coordination and control of Banca Generali, in this Policy account has also been taken of the New Regulation for the Prudential Supervision of Banks introduced by Bank of Italy Circular No. 263 of 27 December 2006, as amended, with special regard to the applicable provisions concerning the shareholdings that may be held by banks and banking groups, as well as risk assets and conflicts of interests in respect of connected parties in the context of the provision of investment services.

The procedure adopted by BGFML for the management of conflicts of interest is based on four basic principles:

1. **Identification:** With reference to the investment services and the activities and the services ancillary to them, the companies belonging to the Group¹ shall identify the circumstances that generate or could generate a conflict of interest that could seriously harm the interests of one or more customers;
2. **Organisation:** The companies belonging to the Group shall define the procedures to follow and adopt organisational measures in order to manage the conflicts that were identified;
3. **Declaration:** In the event that companies belonging to the Group consider that the organisational and administrative measures adopted to manage certain types of conflicts of interest do not sufficiently ensure, with reasonable certainty, that the risk of harming the interests of clients is averted, they shall clearly inform clients, where required, prior to acting on their behalf, of the nature and the sources of the conflict of interests, so that they can make an informed decision on the services provided given the context in which the conflict situations arise.
4. Given their duty to act honestly and fairly, in providing investment and/or ancillary services companies belonging to the banking group shall act in a correct, fair and professional manner to better serve the interests of their customers.

The provisions contained herein have been approved by the Board of Directors BG FUND MANAGEMENT LUXEMBOURG S.A.

2 Regulatory references

Directive 2009/65/EC (UCITS IV)

Article 12, paragraph 1.b)

Article 14, paragraph 1.d)

Article 14, paragraph 2.c)

Directive 2010/43/EU

Considering 15; 17

Article 17 “Criteria for the identification of conflicts of interest”;

Article 18 “Conflicts of interest policy”;

¹ “Group” shall be understood to refer to the Banca Generali Banking Group.

	Article 19 “Independence in conflicts management”;
	Articles 20 “Management of the activities giving rise to detrimental conflict of interest”
Regulation CSSF N° 10-4	Articles 18; 19; 20; 21; 22
Circular CSSF 11/508 of 15 April 2011	
New Regulation for the Prudential Supervision of Banks – Bank of Italy Circular No. 263 of 27 December 2006 and subsequent updates	Title V - Chapter 4: Shareholdings that may be held by banks or banking groups Title V - Chapter 5: Risk assets and conflicts of interest with connected parties;

3 Relations with other documents

The guidelines presented in this document are defined in coordination with other regulations issued by BGFML, in compliance with the regulation concerning the provision of investment services/activities and other general provisions. They include rules of conduct that the staff must observe by virtue of the Group’s internal regulations, as well as external regulations.

In particular, the former consist of:

- Corporate Governance documents, regulations and proxies, which describe the general operating mechanisms of the Company, defining the areas of responsibility and the structure of the powers and proxies;
- Codes of conduct, issued by BGFML, which aim to establish rules of conduct to which directors, auditors, staff, consultants and suppliers must conform;
- Policies, which establish principles and guidelines for conduct which are binding with regard to specific issues;
- Internal circulars and documents of a prescriptive or informative character referring to defined and specific areas;
- Operating procedures, which describe the activities comprising the corporate processes, defining the roles and responsibilities in detail.

The contents of this document, (i) together with those of the document on the Order Transmission and Execution Strategy, the Regulation for Portfolio Management/UCITS prospectuses, and the BGFML’s Investment Process, identify the principles and operating guidelines which the Company intends to apply to the collective portfolio management service. Moreover, the said contents, (ii) together with those of the “Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance” and “Internal Policies Governing Controls of Risk Assets and Conflicts of Interest in Transactions with Connected Parties” of the Banking Group, identify the principles and operating guidelines to which the Group intends to comply in terms of operating activities involving connected parties; and (iii) together with the Banking Group’s “Shareholding Management Policy”, also identify the principles and operating guidelines which the Company intends to apply to its shareholding management activities.

4 Definition of conflict of interest

Articles 17 of Directive 2010/43/EU provides that “*by way of minimum criteria, to determine the types of conflict of interest that can arise upon provision of the services and execution of the activities the existence of which could harm the interests of the UCITS*, the question of whether the management

company or a relevant person, or a person directly or indirectly linked by way of control to the management company is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

- a) the management company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the UCITS;
- b) the management company or that person has an interest, in the outcome of a service or an activity provided to the UCITS or another client or of a transaction carried out on behalf of the UCITS or another client, which is distinct from the UCITS interest in that outcome;
- c) the management company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the UCITS;
- d) the management company or that person carries out the same activities for the UCITS and for other clients which are not UCITS;
- e) the management company or that person receives or will receive from a person other than the UCITS an inducement in relation to collective portfolio management activities provided to the UCITS, in the form of monies, goods or services, other than the standard commissions or fees billed for that service.

The management company must take into account the following elements in determining the types of conflicts of interest:

- a) the interests of the management company, including the interests arising from its membership in a group or the provision of services and the execution of activities, the interest of clients and the obligations of the management company towards the UCITS;
- b) the interests of two or more UCITS managed.

In light of the above, the conflicts of interest situations indicated herein represent those circumstances in which the interests of the UCITS can be harmed while the management company itself, its managers and staff or another UCITS can obtain a benefit.

The staff in charge of providing these services/activities, within various operating units in which the Company is organised, as well as the respective managers of those units, each in his/her area of competence and sphere of activity, are required to identify the situations of conflicts of interest that could arise between the BGFML or a Relevant Person (or individuals that are directly or indirectly linked by way of control to them) and the UCITS, or between managed UCITS, that can significantly harm the interests of one or more UCITS.

In order to identify the conflicts of interest, the competent staff and managers must examine whether the Company or a Relevant Person (or individuals that are directly or indirectly linked to the Company by way of control):

- can realise a financial gain or avoid a financial loss to the detriment of the UCITS; for the purposes of this Policy, in order to identify a conflict of interest, it is not sufficient for the Company or other individuals indicated to realise a profit, but this should be coupled by a concurrent possible disadvantage for a UCITS; nor is it sufficient the possibility for a UCITS towards which the company has an obligation to realise the profit or avoid a loss without there being a concurrent possible loss for another UCITS;
- have an interest in the results of the service provided to the client other than that of the UCITS.

The regulatory provisions concerning risk assets and conflicts of interest with respect to Connected Parties (Title V, Chapter 5, of Bank of Italy's Circular No. 263/2006, as amended and extended) aim to monitor the risk that the closeness of certain parties to the Bank's decision-making centres, and

particularly the parent company Banca Generali, could compromise the objectivity and impartiality of decisions regarding the transactions involving the said parties, and potentially create distortions in the resource-allocation process, exposing the Bank to risks that are not adequately measured or controlled, including possible conflicts of interest, and/or resulting in harm and losses to depositors and shareholders.

In pursuit of this objective, the term “Related Parties” refers to, first and foremost, the company top management, main shareholders and other persons in a position to influence bank management, in light of their ability to exercise control, either individually or jointly with other parties, or a significant influence. Conflicts of interest might emerge even in connection with enterprises, specially industrial ones, which are controlled or undergo significant influence, in respect of which the bank is significantly exposed in terms of loans, and/or equity interest.

In order to monitor the aforementioned conflicts, applicable regulations set forth prudential limits applicable to the risk assets of a bank or banking group in relation to connected parties, and define specific provisions concerning organisational structures and internal control processes. In detail, the latter shall (i) ensure constant observance of prudential limits and approval procedures set by the regulations, as well as (ii) pursue the aim of preventing and properly managing potential conflicts of interest pertaining to all dealings with connected parties, in compliance with the principle of sound and prudent management.

The Provisions require the identification of the sectors of activity and types of dealings of an economic nature, including those that do not entail the assumption of risk assets, in relation to which conflicts of interest may arise, on the basis of the operating characteristics and strategies of the Bank and Group. All the relevant staff and their respective managers must identify and constantly update the areas of operation, namely the types of transactions that entail the assumption or risk assets or the transfer of resources, services or obligations, regardless of whether consideration is provided for, specifying those in relation to which conflicts of interest may arise. This Policy describes the conflicts of interest falling within BGFML’s operating scope.

In this context, the Policy includes, for example, conflicts of interest relating to investment in financial and non-financial assets, acquisition of shareholdings and rendering of collective portfolio management services.

5 Identification of relevant persons

Directive 2010/43/EU identifies as relevant persons who are:

- i) a director, partner or equivalent, or manager of the management company;
- ii) an employee of the management company, as well as any other natural person whose services are placed at the disposal and under the control of the management company and who is involved in the provision by the management company of collective portfolio management;
- iii) a natural person who is directly involved in the provision of services to the management company under a delegation arrangement to third parties for the purpose of the provision by the management company of collective portfolio management.

In general, each relevant person is obligated to disclose to the manager of the operating unit to which he/she belongs any situation that could even potentially generate a conflict of interest, modify the conflict map identified by the Company or indicate incomplete efficiency of the protection and management measures set up by BGFML.

As a non-exhaustive example, it is considered the amendments and updates to situations of potential

conflicts of interest arise mainly from operating amendments introduced into the Company's activity (new activities, new UCITS managed, setting up of new relations/provisions of new services for the UCITS), from changes to the organisational structure of the Company or the introduction of new laws or regulations.

6 Duties of the Compliance Department

In relation to the corporate governance activity, the Company's Compliance function is provided by the competent Banca Generali S.p.A. service. A contact person has been identified within the Company to whom the activities indicated below have been assigned to be carried out in concert with the Compliance Department:

- i) disclosures to Relevant Persons;
- ii) collection of disclosures regarding potential conflicts from the managers of the organisational units according to the process set forth in the paragraph below "The organisational model for the management of conflicts of interest;
- iii) management of the Conflicts of Interest Register: the Compliance function is tasked with the establishment and regular updating of a register containing the type of investment activity or service or ancillary service involved, the situations in which a conflict has arisen or those currently underway in which one could arise that would have the potential of seriously harming the interests of one or more clients or UCITS. Proper management of the Conflicts of Interest Register presupposes effective procedures for communication between the Compliance Department and the Company's organisational units;
- iv) reporting to the Board of Directors regarding new conflicts identified and proposals for appropriate management thereof. In those cases considered appropriate, the Compliance function will inform the General Manager of the need to establish or change the measures adopted by the Company in light of significant changes compared to what it has defined; the General Manager will report accordingly to the Board of Directors at the next meeting.

As envisaged in the Internal Rules, the Company appointed its own internal contact person for the Compliance function. The contact person also provides support in carrying out the aforementioned tasks.

7 Disclosure to the Personnel

This Policy constitutes a binding regulation for all Personnel; to this end the Policy and its subsequent updates shall be included in the company Intranet and made available to the staff following communication by the appropriate organisational units.

8 Group operating model

The Banca Generali Group is an international banking group with a multifunctional and integrated corporate structure consisting of:

1. a **parent bank**, Banca Generali S.p.A., which is authorised to carry out bank operations and provide investment and/or ancillary services and which provides control and strategic guidance and coordination;
2. **subsidiaries:**

- BG Fiduciaria Sim S.p.A.;
- Generfid S.p.A.;
- BG FUND MANAGEMENT LUXEMBOURG S.A.

Banca Generali S.p.A. also owns 15% of Simgenia Sim S.p.A.

In order to identify the cases in which a situation of conflicts of interest may arise, as indicated under 4) above, and pursuant to Article 17 of Directive 2010/43/EU, the investment and ancillary services provided by each of the entity's comprising the Banca Generali Group were identified and an assessment took place regarding whether a conflict of interest situation exists with the client or the UCITS, considering also the other activities carried out by the latter.

Similarly, in order to identify all situations which may lead to conflicts of interest in relation to Connected Parties and pursuant to regulations concerning the supervisory rules on risk assets and conflicts of interest with respect to Connected Parties (Title V, Chapter 5 of the Circular No. 263/2006, as amended and extended, issued by the Bank of Italy), the sectors of activity and types of dealings of an economic nature in relation to which conflicts of interest may arise were identified, including those that do not entail the assumption of risk assets.

8.1 Services offered and activities carried out by the Banca Generali Group

Due to the aforementioned multifunctional structure of the Group, there exists a significant number of situations in which a conflict of interest can arise.

The following table summarises the investment, ancillary and banking services and activities provided by the Banca Generali Group through the entities that comprise it, as well as other situations which could give rise to conflicts of interest that could potentially adversely affect the interests of the client.

Type of service	Description
Investment Services	<ul style="list-style-type: none"> ▪ Receipt and transmission of orders ▪ Execution of orders on behalf of clients ▪ Trading on its own behalf ▪ Subscription and/or placement with a firm commitment or stand by commitment to the issuer ▪ Placement without a firm or stand by commitment to the issuer ▪ Portfolio management ▪ Investment consulting
Ancillary services	<ul style="list-style-type: none"> ▪ Currency trading ▪ Safeguarding and administration of financial instruments ▪ Services relating to the issuing or placement of financial instruments ▪ Extension of loans to investors in order to allow them to carry out a financial instruments transaction in which the entity granting the loan is involved
Collective asset management services	<ul style="list-style-type: none"> ▪ UCITS management

Type of service	Description
Services/activities of a banking nature/other relevant situations for the purpose of identifying conflicts of interest	<ul style="list-style-type: none"> ▪ Granting of loans (banking activity); ▪ Deposits through the issuing of own securities; ▪ Distribution of financial insurance products; ▪ Shareholdings in entities that issue financial instruments; ▪ Supply relations with entities issuing financial instruments; ▪ Relevant persons that assume top positions or acquire significant shareholdings in issuers of financial instruments.

The table below summarises the operating areas the Group identified and the type of transactions which may lead to conflicts of interest in relation to Connected Parties.

OPERATING AREAS	TYPES OF TRANSACTIONS
Agreements/contracts to purchase goods and/or services	Agreements on the purchase of goods or provision of services
	Agreements on the purchase of goods or provision of IT services
	Other marketing/publishing expenses
	Sale/purchase of commercial/advertising spaces
	Outsourcing agreements
	Agreements on the distribution/placement of products and services
	Insurance policies entered into
	Consultancy services received
	Sponsorships
Loan assets	Guarantees
	Consumer credit
	Cash loans and similar loans
	Foreign loans
	Special condition loans
	Loans (including changes in the amount loaned, assumptions, substitution, subrogation)
	Substandard positions
	Bad loans
Proprietary finance	Proprietary trading of financial instruments
Treasury management	Foreign exchange treasury
Shareholdings management	Purchase/sale of shareholdings
	Extraordinary transactions (sale of business units, etc.)
	Extraordinary transactions (mergers/de-mergers and capital increases through contributions in kind)
Property transactions	Property lease/rent
Direct inflows	Certificates of deposit
	Term deposits
	Subordinated loans
	Repurchase agreements
Banking and payment services	Current account agreement
Client investment services	Managing agreements concerning the rendering of investment services

However, the conduct of the Company's core business with regard to the provision of collective portfolio management service necessarily excludes some of the areas of activity and pertinent

transactions indicated above (loans, direct funding, banking and payment services, and investment services for customers other than collective portfolio management service). In addition, some operating areas and the pertinent transactions indicated above do not relate to the Company's operations, or are reserved for the Parent Company (proprietary trading and property transactions).

9 Methodology adopted for the identification of conflicts of interest

The methodological approach followed for identifying potential conflicts of interest is set up as follows:

- 1. Identification of potential conflicts arising from the provision of investment services or ancillary services, either individually or in combination, by companies belonging to the Banking Group, as well as potential conflicts of interest arising from transactions with Connected Parties.**

In order to identify all possible types of conflict of interest arising from the combined **provision of investment and/or ancillary services and other activities**, a list is provided, for each conflict macro-typology defined by the regulation (see paragraph 4), of the potential situations of conflict of interest which the company could face as a result of its activities or the services it provides.

- 2. To ensure correct and complete identification, BGFML has also considered cases of conflicts connected to:**
 - **Relevant persons;**
✓
 - **Organisational structure;**
✓
 - **Relations relating to remuneration.**

10 Identification of cases which generate conflicts of interest and identification of the measures for management thereof

BGFML identified

- the cases of conflicts of interest deriving from the provision of investments and ancillary services and/or activities by Group Companies based on the current procedures for the provision thereof;
- the cases of conflicts of interest due to relevant persons / the organizational structure;
- the cases of conflicts of interest that could originate from the remuneration system or the incentive mechanisms adopted by the Company.

The relative management measures adopted were identified for each type of conflict.

10.1 General management measures

- **Information barriers**

The company adopts measures able to prevent the exchange of information among individuals involved in activities that are potentially conflicting. The information and documentation relating to each of the conflicting activities is not made available to the staff involved in other

activities; this restriction can be overcome only upon authorisation by the responsible parties for specific and substantiated reasons.

- **Measures for preventing or limiting undue influence**

The Company does not allow any Relevant Person to exercise undue influence or to carry out their activities based on undue interference by a person with a conflict of interest; relevant persons who consider to have been subjected to undue influence in the carrying out of activities assigned to them can make a specific disclosure, including anonymously, to the parent company's Compliance Department.

- **Separate supervision**

Individuals involved in conflict of interest activities are hierarchically placed and report to separate managers, notwithstanding the ultimate responsibility of the Company's top management and the departments that control the overall activities carried out. Every area of the company's activity is in fact assigned to a manager that refers directly to the top management of BGFML.

- **Code on Inside Information**

Pursuant to applicable laws, Banca Generali, which is the parent of the Company, has adopted specific rules for the circulation of inside information, the management of the Insider Register, and rules for the management of transactions involving shares issued. The scope of the application of the Code on Inside Information extends to interested parties within subsidiary companies. The aforementioned rules, which must be considered to be applicable as a whole, also allow the Company (and the Parent Company) to reinforce the measures adopted for the management of conflicts of interest situations.

10.2 Specific management measures

- **Best Execution**

The Company has adopted organisational measures to ensure execution or transmission of order under the most favourable conditions for the client. BGFML has defined, as the main best execution factor, the total consideration (as this derives from the combination of the price of the financial instrument and the costs incurred by the client). Under certain circumstances, when researching the best execution, the Company reserves the right to take additional factors into greater consideration, which in relation to the dimension (in terms of quantity to be traded and the estimated counter value) and the characteristics of the trading order to be executed (for example, a listed or unlisted financial instruments), may be considered relevant: speed of execution, probability of execution and settlement, liquidity, and breadth, size of the order, completeness of the offer of the various execution sites.

- **Investment process**

In regard to the investment management process, the Company has established a formal decision-making process for the definition and control of management strategies, asset allocation and investment decisions. This investment process, which provides for the involvement of numerous corporate bodies, ensures that the selection of the investments relating to the UCITS is based exclusively on macroeconomic sector analysis and analysis of the financial instruments and the issuers, and not on corporate bodies' specific indications or directives, which could potentially be of an inappropriate nature.

- **Operating limits**

The Company has set operating limits relating to the inclusion among managed assets of financial instruments which could give rise to conflicts of interest.

- **Internal Code of Conduct**

The Company has instituted an Internal Code of Conduct. Without prejudice to the provisions of laws and regulations, the Code, with operational supplementation, lays down the rules of conduct with which the members of administration and control bodies, employees and all collaborators are required to comply in the provision of banking and investment services.

Through the adoption of the Code of Conduct, the Company has prohibited members of the administrative and control bodies of BGFML its employees and contract staff from receiving any benefits from third parties involving their roles or the tasks assigned to them or which could induce them to behave in a manner that contravenes the interests of the UCITS, the investors or the clients of the Company.

- **Shareholding Management Policy**

The Parent Company, Banca Generali, has drawn up this Policy with the aim of establishing transparent, detailed rules governing the methodological approach and operating model adopted by the Bank for investment and management of its shareholdings and those of Companies belonging to the Banking Group.

In relation to the activity performed in the segment of shareholdings and to the strategies of the Bank and Group, the Policy also contemplates banking activities that may result in conflicts of interest in the management of the Parent Company's shareholdings (the granting of credit facilities in any form; participation in placement and guarantee consortia; and strategic supply arrangements).

The Board of Directors of Banca Generali is assigned exclusive competence over resolutions concerning the purchase and sale of shareholdings by Subsidiaries belonging to the Banking Group.

- **Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance.**

The Parent Company, Banca Generali, formalised the above Procedure in order to ensure that transactions with Related Parties and Connected Parties undertaken directly or through subsidiaries are carried out in accordance with the principles of transparency and substantive and procedural propriety, thereby preventing possible conflicts of interest that may arise in cases where transactions are concluded with Connected Parties.

The Procedure is intended to implement the provision of the Supervisory Authorities by adopting, at group level, rules on transactions with Related Parties and Connected Parties governing the related investigation activities and approval, reporting and disclosure powers.

- **Internal Policies Governing Controls of Risk Assets and Conflicts of Interest in Relation to Connected Parties**

The parent company Banca Generali has adopted the aforementioned Policies with the aim of governing (i) the organisational processes made for thoroughly identifying and classifying Connected Parties, and identifying and quantifying the pertinent transactions throughout all phases of the relationship, and (ii) the processes meant for ensuring that the risks assumed in relation to Connected Parties are properly measured and managed and verifying that internal policies and procedures have been properly designed and effectively applied. These Policies apply to all Companies of the Banking Group.

10 Conflict of Interest Register

The Register shall contain the types of collective portfolio management activities carried out by the management Company or on its behalf, in relation to which a conflict of interest has arisen or, for activities currently underway, could arise, that may seriously harm the interests of one or more UCITS or other clients.

The corporate department in charge of managing and maintaining the register of the conflicts of interest shall be the Parent Company's Compliance Department.

11 Updating procedures

This document shall be periodically updated by the departments in charge, pursuant to the procedures set forth in paragraph 14 below.

12 Management of client requests for additional information

The Parent Company's Compliance Department together with the compliance contact person shall handle any requests from clients for more information on the management of conflicts of interest and the compliance contact person shall provide responses on a durable medium.

13 The organisational model for management of conflicts of interest

13.1 Objectives of the organisational model

The organisational model for management of conflicts of interest aims to:

- attribute the responsibility for the conflicts of interest management model;
- define the procedures for updating cases of conflicts of interest;
- identify conflict owners for notification of specific cases of conflicts of interest;
- summarise the process of disclosure to clients;
- illustrate the operating steps for the management of any requests for additional information coming from clients regarding the policy adopted in terms of conflicts of interest management.

13.2 Roles and responsibilities

The responsibility for the management of conflicts of interest is attributed to different departments within the Group, as shown below.

1. *Inter-company committee for the management of conflicts of interest*

- i) The inter-company committee for the management of conflicts of interests monitors the conflicts of interest management process and assists the Organisational Units that carry out activities aimed at managing conflicts of interest; the committee meets at least once every six months, or whenever it is necessary;
- ii) it monitors the correct implementation of the conflicts of interest identification and management process by the Group Companies and the existence of appropriate procedures, as well as organisational and administrative measures;
- iii) it provides consulting for the assessment and management of critical or particular situations;
- iv) at least once a year, it reports to the Board of Directors on the critical issues and the activities carried out by Group Companies in regard to conflicts of interest, submitting to it the assessments it has conducted for final approval.

2. Parent Company's Corporate Risks Department (Compliance Service)

This department's duties are listed below:

- i) management and maintenance of the conflict management model: assessment of amendments of a regulatory nature (i.e., trigger events, which are identified below) which could involve:
 - updating of the conflicts management policy;
 - modification/integration of the conflicts list in regard to which disclosure needs to be made to the client;
- ii) updating of information documents for clientele (Conflicts of Interest Policy);
- iii) management and maintenance of significant parameters for identification of significant shareholders, significant shareholdings, significant loans and strategic suppliers;
- iv) maintenance of a conflict of interest register;
- v) management, in concert with the compliance contact person, of client requests for additional details in regard to conflicts of interest;
- vi) monitoring of the periodic assessment activity of corporate processes identified for the management of conflicts of interest.

3. Operations & Corporate Affairs Department

This department's duties are listed below:

- i) providing support to top management in defining the organisational structure and operating processes which are significant in terms of managing conflicts of interest;
- ii) realisation and updating of significant corporate processes which are fundamental to the management of conflicts of interest;
- iii) preparing and updating of internal regulations and procedures defined for the management of conflicts of interest;
- iv) ensuring efficient operation of the application procedures and information systems supporting organisational processes identified for the management of conflicts of interest, while controlling their scheduling, implementation and updating by IT outsourcers or other external suppliers.

4. Conflict Owners

Conflict owners are identified as the persons in charge of those structures that shall report on operations deemed able to generate a potential conflict of interest. Conflict owners shall:

- identify any conflicts of interest;
- immediately report any conflicts which have not been managed based on the parameters of relevance defined, so as to initiate the monitoring and mitigation activity;
- immediately report any changes in the operations identifying any consequent conflicts that have arisen;
- propose the management/mitigation measures for the conflicts of interests identified;
- collaborate with the Parent Company's Compliance Service for the assessment and definition of the management measures aimed at monitoring conflicts of interest.

5. Units in contact with clients

The management company shall inform investors regarding situations in which organisational or administrative provisions adopted by the management company for the management of conflicts of interests are not sufficient to prevent, with reasonable certainty, risks that are

detrimental to the UCITS interests or those of the relative unit holders. It shall also inform them on the adoption of any necessary decisions to ensure that the management company is however acting in the best interest of the UCITS and the relative unit holders through its placement agents, particularly with regard to units that have relations with clients as part of the investment service provided (usually *Financial Advisors, Relationship Managers (RMs), Contact Centers and full service branches*).

13.3 Procedures for updating cases involving conflict of interest

The procedures for identifying conflicts of interest and subsequently assessing the control mechanisms in place for management thereof may be updated in compliance with the organisational or regulatory amendments, resulting from the following main trigger events:

1. Amendments of an organisational nature

The amendments of an organisational nature that can result in updates are, for example:

- a) changes in the corporate structure of the Group (for example the purchase or sale of a company);
- b) addition of new investment services/activities or the elimination of certain services/activities;
- c) changes in the organisational structure of companies belonging to the Group;
- d) changes in the operating model for the provision of services and investment activities.

2. Amendments of a regulatory nature

The amendments of a regulatory nature that can result in updates are, for example:

- a) additions to already existing external regulations;
- b) innovations applying to the external regulations.

The Parent Company's Corporate Risks Department (Compliance Service) is in charge of receiving the information relating to such events and verifying the compliance of the management measures proposed.

BGFML's Operations & Corporate Affairs Department is in charge of carrying out the necessary interventions on corporate processes and IT applications, and preparing and/or updating internal regulations (circulars).

In order to complement and monitor the reporting obligations of the conflict owners, every six months the Parent Company's Compliance Service coordinates an activity involving the recognition of aforementioned amendments using specific instruments (e.g., questionnaires) provided to the conflict owners which ensure the reliability and efficiency of the conflict identification process.

Once feedback is received from said structures, the Parent Company's Compliance Service will carry out an assessment to ascertain that the possible conflicts of interests have been identified and adequate management measures or disclosure to clients have been defined.

In order to complement the internal regulatory provisions concerning risk assets and conflicts of interest involving Connected Parties and transactions with Related and Connected Parties, BGFML identified Owners in charge for identifying the situations which can lead to cases of conflicts of interest within the meaning of the provisions set forth in the Bank of Italy's Supervisory Provisions and with reference to Company's operating areas.