

REMUNERATION AND INCENTIVE POLICIES

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Introduction

The purpose of this document is to describe the remuneration and incentive policies (hereinafter also defined as "policies") that the Investment Firm intends to adopt in favour of the Key Resources, the members of the Board of Directors, the Board of Statutory Auditors and the internal control bodies.

The following remuneration and incentive policies, prepared by the Board of Directors, in consultation with the risk compliance and management function, are submitted to the Shareholders' Meeting and will be valid for three years on the basis of the term of office of the Board of Directors.

The remuneration and incentive policies have been prepared in accordance with the law, the Supervisory regulations and terms of the articles of association, and the Code of ethics adopted by the Investment Firm.

In reference to the classification defined in the "Guide for supervisory activities" regarding the prudential audit and assessment process (SREP) adopted by the Bank of Italy with Circular no. 269 of 7 May 2008, the Investment Firm belongs to the fourth macro category, and in accordance with article 14-bis of the Joint Regulation, falls under the category of "minor" intermediaries.

Definitions

"Remuneration": all forms of payment or benefit paid, directly or indirectly, in cash, financial instruments or goods in kind (*fringe benefits*) in exchange for the provision of work or professional services by the Resources to the intermediary or other group members. Marginal payments or benefits can be ignored, given to the resources on a non-discretionary basis, that fall under a general policy of the Investment Firm and that do not have any effects on the incentive plan when taking on or controlling risks. The remuneration may be both financial (such as cash, shares, options, cancellation of loans to significant parties when they leave the company, pension contributions, remuneration from third parties for example through interest-bearing models, salary increases) and non financial (such as career advancement, healthcare insurance, discounts or special allowances for cars or mobile phones, generous expense accounts, seminars in exotic locations, etc.).

"Variable remuneration": all payments or benefits that depend on performance, regardless of how it is measured (income, volume targets, etc.) or other parameters (for example length of time in the job). Remuneration agreed in the event of early termination of the working relationship or position are included (known as golden parachutes),¹ not including the payment of the post-employment benefits established by general labour laws.

"Discretionary pension benefits": those agreed, for an employee or limited group of employees, on an individual and discretionary basis, excluding the rights accrued in accordance with the pension system adopted by the intermediary for most employees.

"Resources": the members of the Board of Directors and the Board of Statutory Auditors; employees and business partners, Financial Consultants.

"Key Resources": the categories of parties whose professional activities have or could have a significant impact on the risk profile of the intermediary whose remuneration may create inappropriate incentives that could induce them to act against the best interests of SCM customers.

"Quantitative criteria": the essentially numerical or financial data that are used to quantify the remuneration of a key party (for example sales volumes, the definition of sales targets or new customers), etc.

"Qualitative criteria": the other criteria besides the quantitative criteria. They may also refer to numerical or financial data used to evaluate the quality of the results of the Resources (key and non key) or the service to the customer, for example a return on investments, a very low number of complaints over a long time scale, compliance with the requirements regarding regulations (especially rules of behaviour, and in particular, a review of the suitability of the services sold by the Financial Consultants to customers or the presence of complaints) and the internal procedures, the fair treatment of customers, and meeting their requirements, etc.

¹ These shall not be calculated in the variable remuneration in order to calculate the proportion between fixed remuneration and variable remuneration.

"Bonus Pool": amount referring to the maximum amount that can be paid of non-recurring remuneration.

"Gates": access conditions for each recipient to accrue the right to payment of the non-recurring remuneration.

"Claw-Back": recovery mechanism of the non-recurring remuneration if the "qualitative criteria" were not met.

"Malus": conditions whereby the qualitative criteria were not met that justify activation of the "claw-back" mechanism.

Applicable laws

The regulations regarding remuneration and incentive policies and practices are contained in the following provisions of the law:

- Directive 2013/36/EU of 26.6.2013 (CRD IV);
- Delegated Regulation (EU) no. 604 adopted on 4.3.2014 in accordance with article 94 of CRD IV supplementing Directive 2013/36/EU;
- Directive 2014/62/EU (MiFID2);
- Consob Decision no. 20307 - Intermediaries Regulation of 16/02/2018;
- Joint Bank of Italy-Consob Regulation 29.10.2007;
- Bank of Italy circular no. 285/2013.

General principles

For the purpose of preparing the Policies, and in line with what was defined when preparing the ICAAP, SCM considers:

- the risks that could arise in relation to the behaviour and conflicts of interest. The Policies are aimed at efficiently managing conflicts of interest and the proper management of risks linked to behaviour, to ensure that the customers' interests are not compromised by the Policies and the remuneration practices adopted by SCM in the short, medium and long term;
- all the pertinent factors such as the role carried out by the Key Resources, the type of services offered and the distribution methods;
- the adequacy of the relationship between the fixed and variable components of the remuneration in order to serve customer interests to the best extent possible.

The policies are drawn up in a way that will not create incentives that could induce Key Resources to favour their own interests or the interests of SCM potentially to the detriment of customers.

In order to prevent any evasive behaviour, the remuneration must not be paid with vehicles, tools or methods that in any case could circumvent the instructions in this document.

The approval of the remuneration policies by the shareholders' meeting is aimed at increasing the level of awareness and monitoring by the shareholders regarding the overall costs, the benefits and the risks that the remuneration and incentive system chosen could mean.

Roles and Responsibilities in the definition of the Policies and the remuneration

SCM, using adequate remuneration and incentive mechanisms for the Key Resources intends to encourage the competitiveness of the company in accordance with the principle of sound and prudent management, and strengthen the governance of the company ensuring that the decisions are made on an independent, informed and timely basis at an appropriate level in order to avoid conflicts of interest and ensure the proper disclosure in accordance with the provisions of the competent authorities.

The management activities of the remuneration and incentive system are reported below, separate for each Body involved, also in order to understand the procedure for the production and updating of these remuneration policies.

Shareholders' meeting

Ordinary Shareholders' Meeting:

- decides on the compensation due to the Directors upon their appointment; to that end, it can also avail of the right to decide on the amount provided for the Directors vested with special duties and may also decide to give the Directors remuneration or compensation of another type;
- establishes the compensation to give to members of the Board of Statutory Auditors, considering the professional fees that apply;
- approves the established remuneration and incentive policies;
- approves any compensation plans based on financial instruments;
- receives adequate information on how to apply the remuneration and incentive policies adopted.

Board of Directors

The Board of Directors, with reference to remuneration:

- allocates, among its members, the remuneration decided upon by the Shareholders' Meeting, for all the Directors;
- if the Shareholders' Meeting has not already decided, it establishes the compensation for the Chairperson of the Board of Directors, any Directors vested with specific duties and the Chief Executive Officer, in consultation with the Board of Statutory Auditors, in accordance with the maximum limits decided on by the shareholders' meeting;

The Board of Directors, with reference to the Policies:

- oversees preparation of the remuneration policies, availing of the Chief Executive Officer and consulting with the Compliance Function and the Risk Management Function;
- adopts the remuneration and incentive policies including any compensation plans based on financial instruments, ensuring that they are sent for approval by the Ordinary Shareholders' Meeting;
- adopts and re-examines, at least once a year, the remuneration policy and is in charge of properly implementing it;
- ensures that the remuneration policy is adequately recorded and accessible within the company structure;
- identifies the "*Key Resources*";
- defines the remuneration and incentive systems of the "*Key Resources*" and ensures that said systems are consistent with the overall choices of the company in terms of taking on risk, strategies, short/medium or long term goals, corporate governance structure and internal controls;
- directly supervises the proper application of the rules on the remuneration of those in charge of the company control functions, in close association with the Board of Statutory Auditors;
- ensures the involvement of the competent company functions when drawing up and checking the remuneration policies and practices;
- provides the Shareholders' Meeting with clear and complete information reports:
 - on the remuneration and incentive policy that SCM intends to adopt upon first adoption and for the periodic updates;
 - on the methods used to implement the remuneration policies at least yearly;
- provides adequate responses to the Board of Statutory Auditors on the activities carried out by the Board.

In order to carry out its duties effectively and responsibly, the Board of Directors has access to all the corporate information that is relevant to that purpose.

Since a "Remuneration Committee" was not established, the functions provided for by the law for that

Committee are carried out by the Board of Directors, more especially through the contribution of its non-executive members.

Corporate control functions

The corporate control functions, each to the extent of its authority, will carry out their consultation activities to define the remuneration policies, make a preliminary check on their compliance and continuously monitor the implementation of the remuneration and incentive policies and practices adopted by the Investment Firm. The Compliance Function will ensure that the policy adopted is consistent with the goal to comply with the law, the articles of association and the code of ethics in order to reduce legal and reputation risks.

The Risk Management Function will check and ensure that the incentive systems are correct and adequate in order to take account of all the risks taken on by the Investment Firm, on the basis of methods that are consistent with those that the company adopted to manage the risks.

The Internal Audit Function will check, at least once a year, compliance of the remuneration practices with the approved policies and the law.

The company control functions will give notice, at least once a year, of the results of its checks to the Board of Statutory Auditors and the Board of Directors; the Board of Directors in turn will provide the Shareholders' Meeting with the required information.

Structure of the Resources remuneration and incentive system

The methods used to remunerate the Resources, including the Financial Consultants and the internal control functions, including outsourced resources, are illustrated below.

Key Resources

SCM makes an accurate self-assessment to identify the "Key Resources". This process is based on the recognition and evaluation of the individual positions (responsibility, hierarchy levels, work carried out, authorisations of authority given, etc.), which are essential elements to evaluate the relevance of each party in terms of taking on risks for SCM. This allows application of all the rules and regulations on remuneration and incentives to be graded in accordance with the actual ability of the individual company figures to affect the risk profile of the company.

SCM has identified the parties listed below as belonging to the category of "Key Resources":

- a) Chairperson of the Board of Directors;
- b) the Chief Executive Officer - General Manager;
- c) the General Manager;
- d) the Deputy General Manager;
- e) the Control Function Managers;
- f) the Investment Area Manager;
- g) the Chief Financial Officer (CFO);
- h) Other parties who take on risk to a significant extent ("other risk takers"). In order to identify these parties (for example in the Sales Network), SCM has set a relevance criteria in reference to the gross recurring remuneration of over €100,000/year.

* * * * *

Chairperson of the Board of Directors

The Chairperson of the Board of Directors is given fixed compensation established by the Shareholders' Meeting upon his/her appointment. No form of variable remuneration is applied.

Chief Executive Officer - General Manager

The Chief Executive Officer is given fixed compensation as established by the Shareholders' Meeting upon his/her appointment and fixed compensation for his/her position as a Director on the Board.

A variable form of remuneration linked to the gross profit is also provided for.

The Chief Executive Officer also carries out the job of General Manager for which he/she receives fixed compensation.

Board of Statutory Auditors

The Board of Statutory Auditors is given fixed compensation, differentiated between the Chairperson of the Board and the Standing Auditors, established by the Shareholders' Meeting at its appointment.

No form of variable remuneration is applied.

Deputy General Manager

The Deputy General Manager is given fixed compensation and a possible incentive component is provided for that is connected with return targets of portfolios and/or objectively defined parameters, to the extent established under these Remuneration Policies.

CFO

The CFO is given fixed compensation in line with the duties and experience accrued, and a possible incentive component is provided for, determined in accordance with qualitative parameters related to the Management Control System objectively defined within the limits of what is established under these Remuneration Policies.

Control Function Managers

The Control Function Managers, if employees, are paid a salary in line with their contractual classification and the experience they have accrued.

Fixed compensation is given to *outsourced* Control Function Managers, defined contractually to carry out outsourced work relating to the control function assigned, approved by the Board of Directors, within the limits defined by the Remuneration Policies approved by the Shareholders' Meeting.

Any incentive or *benefit* components in favour of the Control Function Managers, which, in any case are not connected to the economic results of SCM, are connected to an assessment that objectively considers the activity carried out by the individual company role and qualitatively the value of the experience accrued and skills possessed, the complexity of the business and the economic-financial extent of what is managed by the Company, and the acquisition of skills, capacity and ability and the greater responsibility given due to the role covered.

Investment Area Manager

The Investment Area Manager is given fixed remuneration and a possible incentive component is provided for that is connected with portfolio performance targets and/or objectively defined parameters, to the extent established under these Remuneration Policies.

Clawback and deferred variable remuneration Key Resources (employees)

A percentage equal to 20% of the variable component of the remuneration provided for the Key Resources, not including the sales network (see the paragraph below) is paid 6 months after payment of the non-deferred component, on condition that the recipient is still part of the company workforce and has not been subject to disciplinary provisions (Malus).

Sales Network

The Investment Firm pays Consultants who have agency agreements (whether registered with OCF and/or RUI) commissions that are calculated as a percentage of the commissions actually received by the Investment Firm

due to the services provided to the Customer. These commissions, defined contractually with each Consultant, are paid on a monthly basis. For the purpose of this document, said recurring commissions must be considered to be fixed remuneration.

The Consultant - linked to the Investment Firm as an employee or with an agency agreement - will take part in any annual Incentive Plan provided for in a specific document sent by the Investment Firm - or in the employment contract or in any letter of intent - aimed at governing the non-recurring remuneration.

The variable remuneration is structured to comply with the limits of these Remuneration Policies and envisages specific rules of access to the incentive component (*gate*) and specific *claw-back* rules linked to *malus* mechanisms and the stability pact described in more detail in the specific paragraph.

With specific reference to employees with duties in the Sales Network area, the Company also reserves the right to apply non-recurring forms of remuneration - determined when starting the employment relationship or afterwards - in relation to sales targets and conditions of access identified by amending the criteria provided for the agents.

Employees (non Key Resources)

All employees are paid a salary in line with their contractual classification and the experience they have accrued.

In accordance with the acquisition by employees of skills, capacity, abilities and any more responsibility they are given due to the roles covered, the Company reserves the right to proportionally increase the fixed remuneration and/or to determine incentive components, also in relation to specific projects assigned to them.

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The Company reserves the right to provide forms of remuneration, including recurring - where the conditions are met - if, during the year, situations occur whereby the recipient (linked to the Investment Firm with an employment contract or agency agreement) actively contributes to the agreement of new contracts - for example by referring new customers - and/or carries out preparatory activities that help achieve company goals connected to new projects within the scope of other duties besides their normal duties.

Compensation plan based on financial instruments ("Stock plan")

The Board of Directors reserves the right to draw up variable forms of remuneration through the assignment of stock options, identifying the beneficiaries and the amount reserved to each of them - with regard to the strategic relevance of the position of the beneficiary covered in the Company in relation to enhancing the value of the Company - and showing the guidelines in a specific document called "Rules of the Stock Option Plan".

The Rules will be periodically reviewed by the Board of Directors, at least once a year, when examining the Remuneration Policies. The Board of Directors will have to ensure that the assignment plan is always in line with the overall choices of the Investment Firm in terms of taking on risks, strategies, long-term goals, corporate governance structure and internal controls.

The company control functions guarantee, each according to the extent of its authority, compliance of the assignment Plan with this remuneration and incentive policy, the provisions of the law and regulations on remuneration and incentive policies in effect at the time, also ensuring their proper functioning.

Prior determination criteria of the variable components

If the incentive component is provided for, it can be an incentive:

- that is medium/long term in order to stabilise Key Resources;
- that is short period (on an annual basis) according to achieving targets related to certain parameters.

The variable remuneration may not exceed a limit of 100% of the fixed remuneration.

Use of the following parameters will allow adequate motivation and transparency to be provided to the remuneration given.

Parameters linked to the incentive component

The instructions to identify the parameters to use for the valuation (*gates*) and award of the incentive component are provided below:

- a) Quantitative criteria are based on objective, verifiable indicators, an expression of the performance relating to the activity of the party to whom they refer;
- b) Qualitative criteria easily identifiable and objectively measurable that can evaluate the quality of the work of the recipient of the variable remuneration.

These parameters can be short-term or medium/long term in both cases.

The first are linked to productivity and comprise the access *gates* to the variable remuneration.

With regard to the parties that belong to the Sales Network and the Deputy General Manager, they generally refer to sales and/or funding thresholds, spread out over time and subject to periodic checking during the applicable year.

For the Investment Area Manager, the quantitative parameter may be linked to the return on the portfolios, while for the Chief Executive Officer, to the company performance, usually the gross profit.

With reference to the qualitative parameters, the criteria identified are related to the occurrence of certain events that give rise to the right to variable remuneration.

Any incentive component linked to qualitative criteria is actually closely connected to an assessment that objectively considers the activity carried out by the company role (activities planned the year prior to the assessment year, ordinary activities carried out by the structure, etc.) and qualitatively, the efficiency and effectiveness of the activity itself.

Malus and Claw Back

With reference to the non-recurring remuneration of the Sales Network, the Company has established that providing the variable component will not be deferred over time since it - provided as an advance - consolidates if the *malus* condition does not occur, and after the period provided for the stability pact (60 months) in the incentive plan has ended.

With regard to the *malus* mechanisms, they are identified upon the occurrence of certain events, such as obtaining complaints where the responsibility can be ascribed to the party in question or the application of sanctions by the Supervisory Authorities against the party in question or the Investment Firm.

It was decided to apply said rules (*malus* and *claw-back*) to all the members of the sales network having negatively evaluated any difference in treatment in the incentive structure, considering that quantification of the *bonus* targets is personal and determined in accordance with the various production values of each consultant. The *claw back*

mechanism described above involves the return of the most recently paid annual portion of variable remuneration with respect to the period in which the *malus* situation occurred.

Bonus Pool

The Investment Firm, within the scope of the provisions of the Business Plan and in view of the targets set out in the incentive plan, identified the amount of the *Bonus Pool*, indicating the overall amount that would refer to the variable remuneration that could be paid if the conditions were met and in accordance with the *previously* defined parameters. See Annex 2.

Post-employment pension policies

SCM has not defined any post-employment pension policy, and applies the provisions of the law and the prevailing national collective labour contract.

In the case of leaving incentives, also connected with extraordinary transactions or corporate restructuring, the remuneration is paid in accordance with the criteria and rules established by the law.

Remuneration agreed in view of or at the early termination of the employment relationship or the early termination of the position (known as a *golden parachute*), are linked to performance and the risks taken on by the person and by the Investment Firm.

In the case of the Chief Executive Officer, who also acts as the General Manager, a severance package is provided for, with the corresponding annual provision set aside by the Company pursuant to the board decision made on 28 April 2017.

Sending the data to the Supervisory Authorities

The company, where necessary, fulfils the obligation to send the Bank of Italy the information and documentation needed to evaluate compliance of the remuneration and incentive policies with prevailing laws, and to check implementation of the requirements provided for in them, in addition to the changes made over time.

Update of the Remuneration Policies

SCM continuously checks to ensure the correspondence of the remuneration practices with the approved policies, the articles of association and the law.

At least once a year, the Board of Directors reviews the remuneration and incentive policy adopted, and if it finds it necessary to make changes, also in view of the results of audits by the company control functions, will submit the new policy for approval of the Shareholders' Meeting. The same updating mechanisms were adopted with regard to changes made during the year.

Disclosure to the public

This policy and any additional documents are made available to the public on the Company's Internet site.

ANNEX 1

DISCLOSURE ON THE "REMUNERATION AND INCENTIVE POLICIES OF SCM SIM"

Aggregate quantitative information on the remuneration, broken down by areas of activity with reference to the Key Resources:

| Category | No. | Fixed remuneration | Variable remuneration pursuant to the contract |
|--|-----|--------------------|--|
| Chairperson of the Board of Directors | 1 | 38,000* | |
| Chief Executive Officer | 1 | 70,000* | <u>Variable remuneration of the Chief Executive Officer</u> 10% of gross profit if this exceeds Euro 150 thousand 15% of gross profit if this exceeds Euro 1 million |
| General Manager | 1 | 220,000 | |
| Deputy General Manager | 1 | 140,000 | Bonus of Euro 50 thousand if the annual targets set by Management are achieved. |
| Control Function Managers | 3 | 133,000 | |
| Investment Area Manager | 1 | 85,000 | |
| CFO | 1 | 110,000 | |
| Other risk takers (fixed annual remuneration for 2021 over Euro 100 thousand) | 7 | 1,233,255 | |

* amount includes the fee relating to the position as a board member.

ANNEX 2

CALCULATION OF THE BONUS POOL

The quantification of the *Bonus Pool* was carried out by hypothesising that all the recipients achieve the highest targets from among those provided for in the incentive plan, defined by hypothesising further increases with respect to the personalised budgets provided for during the strategic planning stage. In the case of recipients that do not belong to the sales network, for the purpose of accrual of the bonus pool, all the conditions must be met for the right to the variable remuneration.

The table below shows the above-mentioned scenario in order to set out what was explained above.

| | Maximum bonus that can be given (€/000) | % |
|-------------------------|--|-------------|
| Network | 400 | 73% |
| Key Resources | 100 | 18% |
| Non Key Resources | 50 | 9% |
| Total Bonus Pool | 550 | 100% |

The Company also decided to formulate, only for certain figures ("Other Risk Takers" who form part of the Sales Network), further proposals with forms of incentives linked to particularly high targets that are not provided for - since they are of an exceptional nature - at the strategic planning stage; if all the recipients achieve the maximum targets provided for, the amount of the *Bonus Pool* can be quantified as a total of **Euro 700 thousand**.

Subject to the total quantification of the *Bonus Pool*, SCM reserves the right to change the allocation among the various categories of recipients and make a possible partial assignment to another category on a proportionally equal basis with the fixed remuneration.