

ALLOCATION POLICY OF MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.P.A.

1. Introduction

This document summarizes the processes undertaken by MPS CAPITAL SERVICES BANCA PER LE IMPRESE S.P.A. (the “**Bank**”) for the marketing and allocation of capital markets transactions.

The present policy applies in relation to each offering that involves a marketing and book building exercise and for which the Bank could have a role and - as a consequence - any responsibility for the marketing and allocation of the offering (including, for example, as a global coordinator, joint global coordinator, joint bookrunner or lead manager or in any other relevant role from time to time).

This policy derives from the Markets in Financial Instruments Directive (“MiFID”) and the related regulations, as amended from time to time, and the relevant provisions are qualified in each case by the requirements of law in each jurisdiction in which any marketing activity is undertaken and/or an allocation decision is made by the Bank.

This document is available on the Bank website www.mpscapitalservices.it.

2. Scope

This Policy is designed to describe the principles that the Bank will follow in the marketing and allocation process and help to understand the relationships between the Bank and the relevant issuer and/or selling shareholder(s) (the “**Client**”) and the investors in capital markets transactions.

3. Conflicts of Interest

The policy also helps to prevent or manage conflicts of interest that may arise in underwriting and/or placing operations.

The Bank has a separate Conflicts of Interest Policy. For further information, please check: [regulatory-information-document-10-03-2021.pdf \(mpscapitalservices.it\)](#).

More, specifically for the marketing and allocation of capital markets transactions, the Bank has in place systems, controls and procedures to identify and prevent or manage conflicts of interest that arise in relation to possible under-pricing or over-pricing of an issue or involvement of relevant parties in the process. In particular, the Bank has implemented internal arrangements in order to i) ensure the best price available to the Client within the limits of the agreed timing and sizing of the offering and ii) prevent or manage a situation where persons responsible for providing services to the firm's investment clients are directly involved in decisions about corporate finance advice on pricing to the Client or about recommendations on allocation.

The Bank shall not accept any third-party payments or benefits unless such payments or benefits comply with the inducements rules as in Article 24 of Directive 2014/65/EU.

Specifically, the Bank also introduced wide-ranging measures to prevent:

- an allocation made to incentivize the payment of disproportionately high fees for unrelated services provided by the investment firm ('laddering');
- an allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of corporate finance business ('spinning');
- an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the investment firm by an investment client, or any entity of which the investor is a corporate officer.

Finally, the Bank has in place systems, controls and procedures to identify and manage the potential conflicts of interest that arise when engaging in the placement of financial instruments issued by itself or by entities within the same group, to their own clients, including their existing depositor clients in the case of credit institutions, or investment funds managed by entities of its group.

4. Communication with Client

Before accepting a mandate to manage the offering, the Bank sends to the Client a copy of this policy, provides cost transparency and (if the case may be) informs the Client, ex article 38 Delegated Regulation (EU) 2017/565, as amended from time to time, about, for example, the various financing alternatives available, the timing and the process with regard to the corporate finance advice on pricing and placing of the offer, details of the targeted investors and of its employees involved in the services offered.

The Bank will note any further discussion and instructions or preferences in relation to the allocation process provided by the Client or by other members of the syndicate.

In all phases of the process, the Bank will be constantly in contact with the Client, to provide such Client relevant and appropriate information regarding the book-building or allocation process and in respect thereof whatever it considers appropriate.

At the end of the book-building process, the Bank will then provide the Client with the allocation that requires to be confirmed.

The Bank shall keep records of the content and timing of instructions received and the information sent.

5. Allocation Process and criteria

The Bank shall be deemed to act solely on behalf of the Client in the management of the allocation process and in the selection of investors for capital market operations.

The syndication team ("Syndicate") is responsible for the underwriting and/or allocation process and has a due diligence obligation towards the Client.

As is usual, price and allocation will be defined through a book-building process. The process is aimed to achieve a reasonable price stability and an orderly secondary market with sufficient post allocation liquidity.

The Syndicate will allocate according to the following priorities:

- Investor characteristics
 - Client requests to prioritise specific accounts, investor type or geographical distribution;
 - perceived buy and hold investors, including (but not limited to) long-only asset managers, insurance companies, pension funds and central banks;
 - the size of an investor's order (absolutely and relative to the investor's portfolio), including high quality index orders or passive funds (small orders may get a higher percentage allocation or a full fill);

- investors that have historically supported the Client in previous capital markets (fixed income and equity) issues or have participated in similar transactions from this sector / geography.
- Investor behaviour
- investors that are helpful to the new issue process, with for example early orders (or reverse inquiries) and leadership/flexibility with respect to price and/or size;
- visibility on the nature of any end investors (e.g., for private bank orders);
- investors involvement in the issuer's marketing exercise(s) including participation in a physical, electronic or telephonic (GIC) roadshows, providing feedback on the credit and formulating an indication of interest;
- any conditions to commitment, such as preferred tranches, currencies, minimum/maximum amount, structural requirements, etc.;
- any other relevant prior collective syndicate experience of investor behaviour.

In the event of order book errors (e.g., of limit sensitivities) coming to light once Client-approved allocations have been released, the syndicate will re-allocate those bonds /shares or apply them to the syndicate position (at their discretion without further Client consultation) to expedite the pricing of the transaction.

The criteria proposed by the Bank are considered final unless requests for change come from the Client. In the case of syndicated operations, the criteria will be agreed within other Syndicate firms where relevant.

The final allocation made to each investment client shall be clearly justified and recorded. The final allocation must be recorded with justification available for the top 20%.