

The EU Sustainable Finance Disclosure Regulation | Article 5 Disclosure

This document has been prepared for the purpose of meeting the specific disclosure requirement set out in Article 5 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time (the “Disclosure Regulation”), in respect of the integration of sustainability risk into our remuneration policies.

This document is issued by each of the following Muzinich group entities (each a “Firm”):

- Muzinich & Co. Limited
- Muzinich & Co. (Dublin) Limited
- Muzinich & Co. (Ireland) Limited
- Muzinich & Co. SGR S.p.A,

Each Firm has separately implemented remuneration policies and procedures (each a “Policy” and together the “Policies”), which govern the processes concerning the payment of remuneration to the relevant Firm’s in-scope employees and other in-scope members of staff (the “Employees”). Each Firm has updated its Policies, with effect from 10 March 2021, to reflect the integration of sustainability risks, as required by the Disclosure Regulation.

Muzinich & Co. (Ireland) Limited only pays fixed remuneration to its Employees which are not affiliated with the Muzinich & Co. Group. Investment performance and the sustainability risks relating thereto, are not relevant in such calculations. Consequently, the disclosures set out below are not applicable to Muzinich & Co. (Ireland) Limited.

Risk alignment

Each Firm acknowledges that the Policy, and an individual Employee’s remuneration, must be consistent with and promote sound and effective risk management and not encourage risk-taking that exceeds the level of tolerated risk of the Firm. The risk-limiting features of the Policy include (amongst other things) the application of non-financial metrics, such as an assessment of an Employee’s compliance with the Firm’s [Responsible Investment Policy](#) where applicable.

Performance measurement

Each Firm carries out an assessment of an individual’s performance, when assessing and determining variable remuneration. This assessment is based on both quantitative criteria and qualitative criteria. The qualitative criteria used include, among others, an assessment of whether the relevant individual Employee has complied with the Firm’s sustainability policies, including the Firms’ Responsible Investment Policy.

This assessment of compliance with the Responsible Investment Policy will be carried out by senior management. In general terms, a positive or neutral assessment of overall compliance by an Employee with the Responsible Investment Policy would not in itself be expected to contribute to any additional variable remuneration being awarded to an individual Employee. However, in extreme cases, a negative assessment of overall compliance by an individual Employee with the Responsible Investment Policy may result in a reduction in the variable remuneration amount which would otherwise have been awarded to that individual.

Date: March 2021

Important Information: This document may be updated from time to time. This document is provided for information purposes only. In the event of any inconsistency between this document and either (i) a relevant Policy, or (ii) the terms of any agreement between the Firm and any of its clients, such other document shall prevail. This document is not a complete summary of the Policies; instead, it focuses on summarizing the integration of sustainability risk. No person should take (or refrain from taking) any action as a result of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.