

## CONTEXT / OBJECTIVES

### 1. INTRODUCTION

1.1 The present excerpt describes the remuneration policies and practices of Ocorian Fund Management S.à r.l. (the “**Company**” or “**Ocorian**”), while acting in its capacity as (i) designated management company (“**Management Company**”) of undertakings for collective investment in transferable securities (“**UCITS**”) and other undertakings for collective investment (“**UCIs**”) in accordance with the provisions of Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time (the “**UCI Law**”) and (ii) alternative investment fund manager (“**AIFM**”) pursuant to Chapter 2 of the Law of 12 July 2013 on alternative investment funds managers, as amended from time to time (the “**AIFM Law**”) and Directive 2011/61/EU of 8 June 2011 on alternative investment fund managers, as amended from time to time (the “**AIFM Directive**”).

1.2 The present document demonstrates compliance with the requirements of:

1.2.1 (i) Article 12 and Annex II of the AIFM Law implementing Article 13 and Annex 2 of the AIFM Directive, (ii) the Commission delegated regulation No 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the “**Delegated Regulation**”), (iii) ESMA guidelines 2013/232 of 3 July 2013 on sound remuneration policies under the AIFM Directive, as amended by ESMA UCITS Remuneration Guidelines (as defined below) (“**ESMA AIFMD Remuneration Guidelines**”), (iv) section 5.5.9 of CSSF circular letter 18/698 of 23 August 2018 concerning the authorisation and organisation of investment fund managers incorporated under Luxembourg law and containing specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent (“**Circular 18/698**”) and (v) Regulation (EU) 2019/2088 of 27 November 2019 on the sustainability-related disclosures in the financial services sector (the “**SFDR**”). Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

1.2.2 (i) article 111bis and 111ter of the UCI Law implementing Articles 14a and 14b of Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended from time to time, and in particular as amended by Directive 2014/91/EU of 23 July 2014 (the “**UCITS V Directive**”) in relation to depositaries, remuneration policies and administrative sanctions (the “**UCITS Directive**”); (ii) ESMA guidelines 2016/575 of 14 October 2016 on sound remuneration policies under the UCITS Directive and AIFMD (“**ESMA UCITS Remuneration Guidelines**”) and (iii) ESMA opinion letter 2016/12 of 31 March 2016 on the proportionality principle and remuneration rules in the financial sector (“**ESMA Opinion Letter**”,

and together with ESMA AIFMD Remuneration Guidelines and ESMA UCITS Remuneration Guidelines, the "**ESMA Guidelines**"; and (iii) section 5.5.9 of Circular 18/698.

- 1.3 The general remuneration rules set out in this Policy, are applicable to (i) the Company as a whole (i.e. to all its staff members) in its capacity as Management Company and AIFM and/or (ii) those categories of Identified Staff (as defined below) whose professional activities have a material impact on the risk profiles of the Company or of the UCITS, AIFs and other UCIs it manages (these UCITS, AIFs and other UCIs, being collectively referred to as the "**Funds**").
- 1.4 The Policy has been established and adopted by the board of managers of the Company (the "**Board**"), acting in its supervisory function, who have worked closely with the persons in charge of the internal control functions of the Company (i.e. internal audit, risk management, compliance functions) (the "**Control Functions**") and the persons in charge of the effective conduct of the business of the Company (the "**Conducting Officers**").

### PROCEDURE

#### 2. STAFF AND IDENTIFIED STAFF

- 2.1 The general rules contained in this Policy, concerning in particular the governance and the general risk management of the remuneration, apply to all categories of staff of the Company, including the Identified Staff (as defined below).
- 2.2 The specific rules of this Policy, concerning in particular the assessment of the performances within a multi-year approach and the pay-out process rules applicable to the variable component of the remuneration, apply only to the categories of staff members whose professional activities have a material impact on the risk profile of the Company or of the Funds managed by it ("**Identified Staff**"), unless it can be demonstrated that they have no material impact on the Company's risk profile or on the risk profile of the Funds it manages.
- 2.3 The list of those staff members who are recognised as Identified Staff of the Company is determined and approved by the Board on an annual basis and updated for any changes on a rolling basis (including on recruitment or promotion into covered roles). The Company's Identified Staff will be notified annually of their status and of the implication of this status, during the annual compensation review.

### 3. **PROPORTIONALITY PRINCIPLE**

- 3.1 The Board has considered that a disapplication or simpler application for some of the remuneration requirements imposed by the laws and regulations mentioned under Clause 1 is appropriate at the level of the whole Company.
- 3.2 In addition the Board has also determined that it is able to tailor and apply the general remuneration principles in a way and to the extent that is proportionate and appropriate to the Company's size, internal organisation, risk profile and to the nature, scope and complexity of its activities.
- 3.3 When applying the proportionality principle, the Company complies with the proportionality guidelines as set out in the ESMA Guidelines.
- 3.4 The main risk profile of the Company is affected by the quality of the execution of its activities. Financial, operational and reputational risks exist on the basis of inadequate and/or erroneous performance of tasks, including but not limited to the timely and comprehensive implementation of investment and disinvestment decisions, net asset value calculation, regulatory reporting, legal publication requirements, etc. Consequently, excellence in execution reduces risks, which is rewarded with a potential variable remuneration component. However, the Company does not collect any performance fees, i.e. performance fees which increase with higher investment performance/returns and/or risk taking.

### 4. **GOVERNANCE OF THE REMUNERATION**

#### 4.1 Board of the Company

- 4.1.1 The Board, acting in its supervisory function, is responsible for determining, maintaining and implementing the remuneration policies and practices of the Company as well as supervising the Conducting Officers and the Remuneration Committee, who are responsible for its application. The remuneration policies and practices of the Company, as well as any subsequent material exemptions or changes thereof shall be approved by the Conducting Officers and by the Board.
- 4.1.2 The Board, acting in its supervisory function, will ensure that:
- a) the remuneration policy of the Company is consistent with and promotes sound and effective risk management and more particularly:
    - is in line with the business strategy, objectives, values and interests of the Company and the Funds it manages and of the investors of such Funds;
    - does not encourage excessive risk-taking (including sustainability risks) which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds managed by the Company;

- enables the Company to align the interests of the Funds and their investors with those of the Identified Staff that manages such Funds, and to achieve and maintain a sound financial situation;
- b) the following elements are taken into account in the design, implementation and oversight of the Company's remuneration policies and practices:
  - the Company's overall corporate governance principles and structures, as well as their interactions with the remuneration system;
  - the inputs provided by all competent corporate functions of the Company (i.e., risk management, compliance, internal audit, etc.), which will be properly involved in the design and annual review of this Policy, as further described in Clause 4.1.3 hereof;
  - the clear distinction between operating and control functions, the skills and independence requirements of members of the Board, the safeguards for preventing conflicts of interests and the internal reporting system and the related parties' transactions rules.

4.1.3 The Board, acting in its supervisory function, reviews the Policy and its implementation on an annual basis and is responsible for, and oversees, its implementation.

## 4.2 Conducting Officers

4.2.1 As indicated in Clause 4.1.1 hereof, the Board is assisted in its tasks by the Conducting Officers who will in particular assess and review, on a regular basis, the effectiveness of the Policy as adopted by the Board to comply with its obligations under the UCI Law and AIFM Law.

## 4.3 Control Functions

4.3.1 The Control Functions of the Company will assist the Board in the design and the review of the Policy, including in determining the overall remuneration strategy applicable to the Company, having regard to the promotion of effective risk management.

4.3.2 In particular:

- a) the risk management function will assess how the variable remuneration structure affects the risk profile of the Company, namely by:
  - taking part, when need be, in the update of the Policy, especially regarding the identification of the Identified Staff;

- providing feedback and reports to the Board and the Conducting Officers including input on any risk exposures and/or risk related incidents, which may have to be considered by the Board and the Conducting Officers depending on their nature and materiality;
- b) the compliance function will analyse how the remuneration structure affects the Company's compliance with legislation, regulations and internal policies, namely by:
  - taking part, when need be, in the update of the Policy, especially regarding the identification of the Identified Staff;
  - communicating to the Board and the Conducting Officers any new legal and/or regulatory text to take into account with regards to the Policy;
  - reviewing the Policy to ensure it effectively complies with applicable legal and regulatory requirements, in close collaboration with the risk management officer and internal audit;
  - performing gap analysis of the Policy with regards to new applicable legal and/or regulatory text;
  - providing feedback and reports to the Board and the Conducting Officers including input on any significant findings in the compliance reviews that the Board and the Conducting Officers may have to be consider depending on their nature and materiality;
- c) the internal audit function will periodically carry out an independent audit of the design, implementation and effects of the Policy on the risk profile of the Company to ensure that this Policy and the remuneration requirements defined under the laws and regulations mentioned under Clause 1 are adhered to and that processes for achieving and maintaining flexible and balanced incentive remuneration arrangements are complied with. The internal audit function may also assist the Board by:
  - taking part, when need be, in the update of the Policy, especially regarding the identification of the Identified Staff;
  - providing feedback and reports to the Board and the Conducting Officers including input on any audit findings (including significant negligence, deliberate omissions and other control-related incident) which may have to be considered by the Board and the Conducting Officers depending on their nature and materiality.

## 4.4 Remuneration committee

The determination of individual remuneration elements for the staff, including increases in fixed salaries as well as allocation of variable salary components, is performed by the Company's Remuneration Committee..

## 5. REMUNERATION PRINCIPLES

### 5.1 Design of the remuneration

5.1.1 The remuneration of all staff members, including the Identified Staff (and, considering the size of the Company, its internal organization and the nature, scope and the complexity of its business activities, including the members of the Board and the Conducting Officers) will be determined by the CEO, the Deputy CEO and the human resources of the Company and approved by the Board on the basis of the following principles:

- a) All staff members shall receive a total compensation package consisting of: (i) a fixed part taking the form of an annual salary (the "**Base Salary**"), (ii) where applicable, an annual variable part that shall be driven by the financial result and situation of the Company, respectively of Ocorian Group as a whole, as well as the individual achievements of each employee (the "**Annual Bonus**"), In addition, Ocorian Group has implemented a long-term incentive plan ("**Ocorian LTIP**"), as further described in paragraph g) below, as well as a scheme to reward staff members for the successful referral and support in any sales efforts, irrespective of whether such efforts are linked to the Company or Ocorian Group (the so-called "**Subject Matter Expert**" or "**SME Bonus-Scheme**");
- b) The remuneration level of staff members will be based on, amongst others, the following criteria:
  - knowledge, expertise and skills;
  - tasks, powers and responsibilities;
  - learning attitude and motivation;
  - independence and interaction with other teams;
  - adequate personal performance management, including personal objectives follow-up and achievement as per the "Objectives Definition & Performance Measurement" process ("**OD&PM**") of the Company;
  - policies, processes and procedures follow-up;

- economic strategy, objectives, values, interests and ethics follow-up;
  - adequate risk governance and orientation;
- c) The appropriate balance of remuneration components may vary across staff members, depending on their functions, activities, seniority and their personal achievements, it being understood that the Annual Bonus shall not exceed 50% of the sum of the Base Salary, the fringe benefits and the variable component, including the possibility to pay no Annual Bonus at all. For the avoidance of doubt, in the case where an exceptional remuneration is paid under a LTIP, as further described in paragraph g) below, such exceptional payment shall not be considered for the determination of the 50% ratio mentioned in the previous sentence, it being understood however that the structure of the entire remuneration package, as further described in paragraph a) above, will always be such that the Base Salary represents a sufficiently high proportion of the total remuneration to enable a flexible policy on the variable remuneration components. This includes the ability to pay no variable remuneration component at all (meaning that the relevant employee does not need to count on and rely on the payment under the Annual Bonus and/or LTIP (that could be reduced to zero).
- d) The remuneration structure of the Control Functions personnel does not compromise their independence or create specific conflicts of interest in their advisory role to the Board. Decisions on the remuneration of Control Functions are made independently of the business areas they control;
- e) The Base Salary shall take the form of a monthly salary paid in cash. It remunerates the competences of the staff members, based on their role and experience, and is guaranteed irrespective of their performance;
- f) The Annual Bonus shall take the form of bonuses paid in cash, cash equivalents (e.g. interest subsidy), or financial instruments out of the Company's assets. In-line with the standard applied across Ocorian Group, these bonuses will be paid during the first half of the financial year, on the basis of the financial results of the Company/Ocorian Group as well as the personal achievements of the respective staff members (i.e. variable remuneration is allocated to staff members according to their appraisal made through the performance assessment process described below on the basis of individual and collective, financial and non-financial performance criteria);
- g) A further variable remuneration has been introduced by Ocorian Group in the form of the Ocorian LTIP, the aim of which is to strengthen the longer-term alignment of the employees' interests with the objectives and interests of Ocorian Group and its ultimate shareholder. The Ocorian LTIP takes the form of equity "points" allocated to staff as part of the annual remuneration allocation, as well as during special allocations, e.g. as part of the regular employee award allocations held across Ocorian Group. The payment(s) resulting from the

Ocorian LTIP will be subject to conditions set by Ocorian Group and its ultimate shareholder, it being understood that the vesting of all Ocorian LTIP awards will be subject to continued employment and a deferral period between the time of allocation of such ad hoc remuneration and its payment(s), which may range from 6 to 48 months. The Company/Group will have all rights to claim back the Ocorian LTIP awards which would have been paid on the basis of data resulting from fraudulent actions, including wrong or misleading statements.

- h) As regards personal performance measurement, an objective setting meeting will be held in the beginning of the Company's financial year between each employee and their line manager where: (i) measurement / assessment for the preceding year shall be discussed, (ii) the employee will be informed of the bonus to be paid for the preceding year, (iii) the objectives for the new financial year shall be in principle defined jointly. An interim assessment made in the summer/early autumn will allow the Company and its staff to keep track of performance and if needed take corrective actions. The results of each appraisal shall determine whether the staff member is eligible or not to variable remuneration and/or promotion;
- i) The Governance structure of the Company, as defined in Section 4 of this Policy, does not provide the possibility to create incentives on the basis of risk taking, and the remuneration policies and procedures according to the present Policy confirm the non-creation of incentives on such basis.

### 5.2 General requirements

5.2.1 In addition to the criteria set forth under Clause 5.1 hereof, any form of payments, benefits, remunerations and bonuses paid directly by the Company or (hereafter, commonly referred to as "**remuneration**") in exchange for services rendered by staff members, where and if applicable, should in all cases, except if such payment constitutes a reimbursement of expenses or other payments or benefits that pose no incentive effects in terms of risk assumption and can be excluded for the purpose of the remuneration requirements (as listed in ESMA Guidelines) follow the principles set forth hereinafter:

- a) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the overall results of the Company (and, if applicable, of the business unit or Funds concerned), and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- b) the assessment of performance of Identified Staff is set, where applicable, in a multi-year framework appropriate to the lifecycle of the Funds managed by the Company in order to ensure that the assessment process is based on longer term performance and that the actual



payment of performance-based components of remuneration is spread over a period which takes account of the redemption policy of the Funds it manages and their investment risks;

- c) the Company may, on exceptional basis, decide to guarantee the payment of an exceptional variable remuneration (for the first year of employment) in the context of hiring a highly qualified new staff. In such a case, the Company will set the terms and conditions of such exceptional bonus taking into consideration the financial soundness of the Company (and, if applicable, the Funds managed by it);
- d) all payments related to the early termination of a contract will reflect performance achieved over time and will not be designed in a way that rewards failure nor the assumption of excessive risk-taking with respect to sustainability risks;
- e) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks. Such adjustment mechanism is applied to the annual bonus pool, considering both company-specific as well as macro-economic elements;
- f) all employees will be subject to an official pension scheme as provided by the Luxembourg social security scheme. The Company also provides a supplementary pension scheme subject to the Luxembourg law of 8 June 1999 on complementary pension plans, based on fixed salary and excluding bonuses, such pension scheme being in line with the business strategy, objectives, values and long-term interests of the Company (and, if applicable, the Funds managed by it);
- g) all employees will be required to undertake not to use personal hedging strategies or remuneration and liability related insurance to determine the risk alignment effects embedded in their remuneration arrangements;
- h) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the relevant laws and regulations mentioned under Clause 1;
- i) the remuneration principles of the Company do not encourage excessive risk-taking with respect to sustainability risks and are linked to risk-adjusted performance
- j) finally, the Company does not receive any performance fees /carried interest in the context of its activity.

5.2.2 The Company will document the award process and ensure that records of the determination of the overall variable remuneration pool are maintained.

## 6. MEASURE IN CASE OF DELEGATION OF PORTFOLIO MANAGEMENT OR RISK MANAGEMENT ACTIVITIES

- 6.1 At the date of this Policy, the Company has delegated the portfolio management activities for eight AIFs it manages. None of the risk management activities are delegated with regard to the UCITS and AIFs managed by it.

## 7. PREVENTION OF CONFLICTS OF INTERESTS

- 7.1 The Company has identified key areas of potential conflicts of interests and have implemented corresponding safeguard mechanisms.

## 8. IMPLEMENTATION AND PERIODICAL REVIEW OF THE REMUNERATION POLICY

- 8.1 The implementation of this Policy will be reviewed on an annual basis at a minimum before payment of the Annual Bonus, by the CEO, the Deputy CEO and the human resources of the Company.
- 8.2 The relevant internal Control Functions (i.e. internal audit, risk management, compliance functions, etc.) will be closely involved in reviewing, at least annually, the remuneration system of the Company. The roles of the Control Functions in the annual review of the implementation of the Policy are further described in Clause 4.3 hereof.
- 8.3 The CEO, the Deputy CEO and the human resources of the Company will report on the outcome of this review to the Board and the Conducting Officers. The Board, acting in its supervisory function, will approve the review of the remuneration policy as performed by the CEO, the Deputy CEO, the human resources and the Control Functions of the Company and will assess whether it is necessary to amend this Policy (notably on the basis of the outcome of the review performed).

## 9. DISCLOSURE

- 9.1 Without prejudice to the specific remuneration transparency requirements that have to be implemented as the case may be in the prospectus, key investor information document and annual report of the UCITS and AIFs managed by it, the Company will ensure that all internal and external disclosures in respect of this Policy are made in accordance with the laws and regulations mentioned under Clause 1.
- 9.2 In particular, given the size, internal organisation, governance, scope, nature and complexity of the activities of the Company and the Funds it manages (as further specified in Clause 3), the Board considers to apply the remuneration disclosures on a proportionate basis and the overall remuneration proportionality principle will apply as described below to the type and amount of information disclosed:

### 9.2.1 Internal disclosure

The Policy will be accessible to all staff members on any bank business day, enabling staff members to know in advance the criteria that will be used to determine their remuneration. Confidential quantitative

aspects of the remuneration of staff members will of course remain confidential and will thus not be internally disclosed.

### 9.2.2 External disclosure

- a) Following its ratification by the Board, the excerpt of the Policy is published on the Company's website [www.ocorian.com](http://www.ocorian.com).
- b) The remuneration principles applied by the Company are furthermore included as part of the annual report of the Company.
- c) At the level of the relevant Funds, disclosures with regard to the remuneration principles applied in accordance with the laws and regulations mentioned under Clause 1, are made in the individual annual report of the Funds.

