

## POLICY/ PROCEDURE

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|---------------------|----------------------------|-------------------------|
| <b>Subject:</b>     | <b>Remuneration policy</b> |                         |
| Last reviewed by:   | Compliance                 | Date: 05/2022           |
| <b>Approved by:</b> | <b>Board of Directors</b>  | <b>Date: 23/05/2022</b> |

### 1. Introduction

Alma Capital Investment Management S.A. (hereafter “ACIM” or the “Company”) is a Luxembourg-based management company subject to Chapter 15 of the UCI Law of 17 December 2010, and to Chapter 2 of the AIFM Law of 12 July 2013 as amended. ACIM is the management company for UCITS and alternative investment funds or sub-funds (the “ACIM Funds”).

This procedure aims to define the remuneration policy (hereafter the “Policy”) in place within the Company, including within any of its branches (“ACIM Branches”) and any of its subsidiaries (“ACIM Subsidiaries”), in accordance with the latest UCITS and AIFM regimes.

This remuneration policy also includes information on the integration of sustainability risks in the Company's remuneration procedures, as required by the EU Sustainable Finance Disclosure Regulation (2019/2088) (“SFDR”). It clarifies how the structure of remuneration within the Company does not encourage excessive risk-taking with respect to sustainability risks as envisaged under Article 5 of SFDR and is limited to risk-adjusted performance.

### 2. Legal and regulatory background

ACIM has implemented the Policy relating to remuneration, in accordance with the applicable legal background:

#### *Luxembourg Laws*

- Law of 17 December 2010 relating to UCITS
- Law of 12 July 2013 on AIFM

#### *CSSF Circulars*

- CSSF circular 10/437 of 1 February 2010
- CSSF circular 11/505 of 11 March 2011
- CSSF circular 18/698 of 23 August 2018

*ESMA guidelines*

- 2016/575 Guidelines on sound remuneration policies under the UCITS directive
- 2013/232 Guidelines on sound remuneration policies under the AIFMD
- 2016/411 Final report on guidelines on sound remuneration policies under the UCITS Directive and AIFMD
- 2016/579 Guidelines on sound remuneration policies under the AIFM Directive

### **3. Purpose**

This Policy intends to reflect the following commitments of the Company to promote a sound and effective risk management, which does not induce excessive risk-taking, which is consistent with the risk profile, offering documents of the ACIM Funds and the interest of investors of these ACIM Funds in order to avoid conflicts of interest.

### **4. Scope**

The Policy applies to all ACIM employees, including ACIM employees of any of the ACIM Branches and of any of the ACIM Subsidiaries (the “ACIM Employees”), as well as to members of the following categories of persons together designed hereafter as “Identified Staff”:

Senior and executive management:

- executive and non-executive Board members of the Company and of the ACIM Funds;
- CEO; and
- Conducting Persons of ACIM.

Control functions<sup>1</sup>:

- Compliance Officer; and
- Risk Manager.

Other risk takers:

- branch manager of any of the ACIM Branches;
- control functions of any of the ACIM Branches or any of the ACIM Subsidiaries, significant and/or regulated position;
- in-house portfolio managers; and
- any other ACIM Employee which is deemed to be risk taking, as decided by the Board of Directors of ACIM.

For the avoidance of doubt, on an annual basis, the Remuneration Committee will confirm the list of Identified Staff in the scope of such remuneration policy.

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<sup>1</sup> The internal audit function is delegated to Mazars Luxembourg S.A.

## 5. Remuneration structure overview

### *General principles*

This policy is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in the Company's strategy and lies in a proper balance of variable to fixed remuneration and the measurement of performance, based on a combination of the assessment of the individual performance and of the overall results of the Company.

### *Governance*

The Company strictly applies all remuneration policy rules and requirements, and in particular all deferral of variable remuneration and pay outs in instruments for the Identified Staff.

Since January 2021, the Board of Directors has delegated its responsibilities in terms of HR related matters to a newly implemented Remuneration Committee.

The list of responsibilities of the Remuneration Committee includes, but are not limited to:

- Definition and regular update of the Remuneration Policy of the Company;
- Nomination and dismissal of the Key Employees of the Company, including nomination of them within the Executive Committee of the Company (as defined in the Terms of Reference of this Remuneration Committee appended to this policy) or any significant and/or regulated position;
- Review and amendment of the List of Identified Staff;
- Evaluation of the performance and definition of the annual compensation (including fixed remuneration, bonus, participation if any, benefits in kind, options, any other applicable remuneration ...) for each individual Identified Staff;
- Review of the annual compensation of all other employees as suggested by the Executive Committee ; and
- Proposition of a compensation for the Board of Directors.

Terms of Reference of this Remuneration Committee are disclosed in Appendix 1.

### **5.1. Fixed remuneration to the ACIM Employees and the Identified Staff**

The fixed remuneration is determined at a level high enough (in absolute amount) to allow a fully flexible policy on variable remuneration components, including the possibility not to pay any variable remuneration.

The fixed salary is based on the employee's role and experience and local practice. Salaries are reviewed annually by the HR manager, CFO and the CEO of ACIM (the "Management"), taking into account the individual annual and interim performance reviews, significant changes in job responsibility and/ or local market tension. The Management will then report to the Remuneration Committee at least 3 times a year so the members of the Remuneration Committee can review, challenge and define the annual compensation of all of the employees of the Company, including the Identified Staff. This annual compensation will then be presented to the Board of Directors by the Chairman of the Remuneration Committee. The Remuneration Committee will specifically ensure global compensation offered to the employees and to the Identified Staff remain competitive with the industry and local practice.

## **5.2. Annual bonus and variable remuneration**

### **a. Annual bonus**

ACIM Employees as well as Identified Staff may be eligible to receive an annual discretionary bonus (the “Bonus”).

The Bonus is awarded both on the basis of the Company’s financial results and the individual performance of each of the ACIM Employees and Identified Staff in respect of performance targets and goals established during the interim and annual individual performance evaluation process.

The global amount of the Bonus to be shared among the employees and Identified Staff is determined annually by the Remuneration Committee, based on Management’s proposal. In general, this amount is determined using Key Performance Indicators (“KPIs”), in line with market practice. This method will ensure that the amount of variable remuneration takes into account the Company’s performance for the period. Some of the KPIs used to determine the total amount of bonus for the period are:

- Total Compensation Ratio (total payroll expenses for the period as a % of net revenue (excluding any performance fees)); and
- Variable remuneration as a % of operating income before bonus.

This total amount of variable compensation will then be presented to the Board of Directors by the Chairman of the Remuneration Committee. Upon approval of such global amount for the period, Management will prepare an allocation of the total amount among ACIM Employees and Identified Staff and present such proposed allocation to the Remuneration Committee. This allocation will be based on each individual performance for the period, such individual performance being documented in the Year End Performance Review Documentation agreed upon between the employee and its manager each year, mainly taking into account the individual objectives of the employee for the year and its achievement.

Guaranteed bonus is exceptional and awarded only in the context of hiring new staff and only for the first year.

### **b. Variable remuneration to the Identified Staff**

The Identified Staff may receive a variable remuneration which could represent significant portion of the total remuneration. As such, a proportion of the overall variable remuneration may be deferred over a 3-year period (1/3<sup>rd</sup> vesting every year). The amount to be deferred will be defined using a cascade of absolute amounts, and more specifically the following cascade should be used:

- amount of variable remuneration between 0 and 100 000€: 100% is paid immediately;
- amount of variable remuneration between 100 000€ and 200 000€ : 60% is paid immediately and the rest is deferred over a 3-year period (1/3<sup>rd</sup> being vested every year);
- amount of variable remuneration above 200 000€: 50% is paid immediately and 50% is deferred over a 3-year period, each third being vested every year.



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A minimum of 50% of the deferred amounts will be paid out in instruments rather than in cash. Instruments can be of different kinds, and may include shares/units in one or more of the ACIM Funds under management in respect of which the individual has influence or another suitable instruments as determined by the Board. When such instruments are offered to the ACIM Employees as a compensation, the Compliance Officer of ACIM will be made aware of which instruments have been offered to which employee, to monitor any potential conflict of interests.

For illustrative purposes only, should an Identified Staff be awarded a bonus representing 250 000€, then he will be paid 100 000 + 60 000 + 25 000 = 185 000€ in cash up front as well as 65 000€ to be deferred over a 3-year period, i.e. 21 666€ to be paid after the end of year 1, the end of year 2 and the end of year 3. A minimum of 10 833€ each year may be paid in shares /units of the UCITS managed by ACIM.

In practice, for those concerned with a deferral, ACIM will be paying the full amount to the employee at the time when bonuses are granted. Upon receipt of the amount, the employee will have to invest the amount to be determined as being “paid in instruments” in one or several funds managed by the Company or in shares of the Company, and commit to remain invested during a 3-year period (with 1/3<sup>rd</sup> vesting every year). On an annual basis, the employee will confirm to the HR Manager and the Compliance Officer that he has not breached the commitment, and is still invested in the same instruments as had been determined at the date of the grant.

### **5.3. Benefits**

In addition to the fixed remuneration and variable remuneration, the Company may offer meal vouchers, as well as some other core and flexible benefits (“Benefits”). Such other Benefits may include but are not limited to pension plans, enhanced private medical schemes, life assurance, travel insurance, dental benefits, etc.

### **5.4. Specific provisions**

#### *Remuneration of the members of the Board of Directors*

Executive Board members do not receive any specific fixed remuneration or variable remuneration from ACIM to perform their professional duties as Directors of the Company. They receive a fixed remuneration from ACIM or from other companies within the Alma Capital Group to compensate for their executive duties among the Group.

The non-executive Board members of the Company and of the ACIM Funds may receive a fixed remuneration. This fixed remuneration is set by the Remuneration Committee according to market practice, and approved annually by the general meeting of shareholders.

#### *Remuneration of the Conducting Persons and control functions*

As for all ACIM employees, performance measures for employees responsible for control functions and for Conducting Persons will be based on the achievements and objectives of the functions. Their remuneration is determined by the Remuneration Committee each year independently from the



performance of the specific business areas they support, therefore helping to prevent any potential conflicts of interest.

*Remuneration to the delegated investment managers*

Since ACIM delegates the portfolio management of the ACIM Funds to several and distinct investment managers, the Company has to ensure the alignment of interests between the investment managers and the investors.

ACIM ensures that the remuneration policies of the delegated investment managers comply with the above mentioned ESMA guidelines (or equivalent) and particularly that:

- its delegates are subject to regulatory requirements that are equally as effective as those applicable to ACIM; or
- appropriate contractual arrangements are in place with its delegates to ensure that there is no circumvention of the remuneration rules applicable to ACIM.

*Integration of Sustainability Risks*

The remuneration policy of the Company is structured so as to ensure that it is consistent with the integration of sustainability risks in the investment decision making process in respect of the investment management of each of the ACIM Funds of the Company as contemplated pursuant to Article 5 SFDR.

In this regard, the structure of remuneration of the Company is consistent with the following principles:

- Promotion of sound and effective risk management with respect to sustainability risks;
- No encouragement of excessive risk-taking with respect to sustainability risks; and
- Remuneration is linked to risk-adjusted performance.

Where a delegated investment manager integrates sustainability risks into its investment decision-making process, the Company will ensure that the delegated investment manager's remuneration rules (or the contractual arrangements in respect of remuneration applicable to a delegated investment manager) are consistent with the integration of sustainability risk.

**6. Claw-back (ex-post risk adjustment)**

As long as this is allowed by the applicable rules and regulations, the Company reserves the right to demand full or partial repayment from the individual who has been awarded variable remunerations in the following conditions:

- fraudulent conduct of staff member;
- misleading information by a staff member;
- breach of ESMA guidelines.



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Should any of the instances listed above occur, and should there be any part of the Identified Staff remuneration remaining as deferred / non-vested, these amounts will automatically be canceled and considered not due to the Identified Staff.

## **7. Disclosure**

### *External Disclosure*

The ACIM Funds issue on an annual basis their annual report, covering details on the remuneration policy of their management company ACIM.

This remuneration policy is also available on the Company's website.

### *Internal Disclosure*

This remuneration policy is part of the Company's policies and procedures and as such, available to all of the ACIM Employees. ACIM Employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay.

Luxembourg, 23 May 2022