

**REMUNERATION POLICY**

**1. REGULATORY BASIS**

CSSF Circular 10/437 (1 February 2010), “Guidelines concerning the remuneration policies in the financial sector”.

**2. DEFINITIONS AND ACRONYMS**

**Company**

Renta4 Luxembourg S.A.

**Group**

Banco Renta 4 S.A. and its subsidiaries

**Guidelines**

CSSF Circular 10/437

**Identified Staff**

Members of the Company’s Board of Directors, Conducting Officers, and other Company employees whose activity materially impacts the Company’s risk-profile.

**3. INTRODUCTION**

This Remuneration Policy (the “Policy”) is consistent with and promotes sound and effective risk management and does not encourage risk-taking inconsistent with the risk profile, rules or instruments of incorporation of the funds managed.

The Policy is in line with the interests of the Company, the funds it manages and the interest of fund investors, in order to avoid conflicts of interest.

The Policy might be modified in the future to take into account evolutions in the regulatory framework.

<b>PROCEDURE REFERENCE :</b>	<b>POL-07</b>	<b>SHORT NAME :</b>	<b>Remuneration Policy</b>
<b>CREATION DATE :</b>	<b>20/01/2016</b>	<b>CREATED BY :</b>	<b>DML</b>
<b>VALIDATION DATE :</b>	<b>2/02/2016</b>	<b>VALIDATED BY :</b>	<b>Board of Directors</b>
<b>LATEST UPDATE</b>	<b>16/02/2017</b>		

#### **4. SCOPE OF THE POLICY**

The Policy applies to identified Staff.

##### **Identified Staff**

Identified Staff are the members of the Company's Board of Directors, Conducting Officers, and other Company employees whose activity materially impacts the Company's risk-profile.

The Policy only applies to permanent staff of the Company:

- **Members of the Board of Directors:** They receive no variable remuneration for their service as Board Member.
- **Conducting Officers:** The Conducting Officers may receive a variable remuneration.
- **Other employees:** The other employees may receive a variable remuneration. Those involved in control functions such as Risk Management and Compliance and Internal Audit may receive a variable remuneration based on their individual performance and the global results of the Company, but their variable remuneration should not be linked to the performance of functions they monitor.

##### **Delegated functions**

Internal Audit, administration and accounting of the Company are outsourced. Their fees are out of the scope of the Policy (Cf. Guidelines Section I, 1.6.).

The portfolio management function is delegated to portfolio managers whose remuneration is ruled by their own remuneration policies. In the due-diligence process, the Company's Conducting Officer supervising Portfolio Management will ensure that those remuneration policies are consistent with the current Policy.

#### **5. GENERAL PRINCIPLES**

##### **Structure of Remunerations: Fixed / Variable Components and Benefits**

The fixed component of the remuneration shall represent a sufficiently high proportion of the total remuneration to operate a fully flexible bonus policy.

Where a **significant bonus** is awarded, the main part of the bonus will be deferred with a minimum deferment period. The amount of the deferred part of the bonus is determined in relation to the total amount of the bonus as compared to the total amount of the remuneration.

The appropriate balance of remuneration components may vary across staff members, according to market conditions and the specific context in which the financial undertaking operates.

The deferred element of a significant bonus takes into account the outstanding risks associated with the performance to which the bonus relates and may always consist of equity, options, cash, or other funds the payment of which is postponed for the duration of the deferment period.

Once a year, the structure of the remuneration policy is reviewed by the Board of Directors to take care about the new situation of the Company. The Board will especially revise the maximum limit on the variable component. It also ensures the procedures for determining remuneration within the Company is clear and documented and is internally transparent.

In addition to the fixed and variable remuneration, the Company may offer a range of benefits including:

- Pension plan (pension, death, invalidity);
- Complementary medical insurance;
- Luncheon vouchers;
- Mobile telephone.

### **Performance criteria**

The criteria for the variable remuneration are based on longer-term performance and take into account the outstanding risks associated with the performance. When the remuneration is performance-related, its total amount is always based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Company.

The measurement of performance includes an adjustment for current and future risks related to the underlying performance and takes into account the cost of the capital employed and the liquidity required.

The assessment of performance is set in a multi-year framework, with a minimum of 3 years, in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-related components of remuneration is spread over the effective business-cycle of the Company.

Payments related to the early termination of a contract which are awarded on a contractual basis, will be related to performance achieved over time and designed in a way that does not reward failure.

In order for the remuneration policy to be in line with the objectives, the business strategy, the values and the long-term interests of the Company, the assessment of performance is not restricted to financial performance, but includes other factors such as compliance with internal rules and procedures, systems and controls of the financial institution, as well as compliance with the standards governing the relationship with clients and investors.

In particular, the remuneration of the directors other than those who participate in the daily management of the Company or who represent the staff cannot be linked to the short-term results of the Company but takes into account other factors such as the time dedicated to their function and their respective responsibilities.

### **Independence principles**

Staff members engaged in control processes are always independent from the business units they oversee, have appropriate authority, and are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

### **Retention measures**

The Company ensures to be able to withhold bonuses entirely or partly when performance criteria are not met by the individual concerned, the business unit concerned or the Company seen as a whole.

Moreover, the Company makes sure to be able to withhold bonuses in case its situation deteriorates significantly, in particular where it can no longer be presumed that it can or will continue to be able to carry out its business as a going concern.

The board of directors of the Company is able to require staff members to repay all or part of

the bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent.

## **6. PROCEDURE**

Every year, according to general principles (Cf. Supra. General Principles), the Board of Directors revises the structure of the remuneration policy to take into account the new situation of the Company. In the elaboration of its review, the Board takes into account in particular all elements regarding the strategy of the Company as well as the strategy regarding risk taking, the nature, scale and complexity of the Company.

To design and update the Policy, it consults key stakeholders such as control functions, i.e. Compliance, Risk Management and Internal Audit, which have been involved in preparing the current Policy and are capable of forming an independent judgement on the suitability of the remuneration policy, including the implications for risk and risk management.

Especially it bases its opinion on the annual report made by the Compliance Officer on the implementation of the remuneration policy across the Company. A copy of this report is put at the disposal of the CSSF.

The Board will especially revise the maximum limit on the variable component. It also ensures the procedures for determining remuneration within the Company is clear and documented and is internally transparent, especially to staff members.

Without prejudice to confidentiality and data protection provisions, relevant information on the remuneration policy and any updates in case of policy are disclosed by the Company in a clear and easily understandable way to relevant stakeholders through a periodic disclosure in the annual financial statement.

It especially includes the following information:

- a) Total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Company to the Identified Staff, and number of beneficiaries;
- b) Information concerning the decision-making process used for determining the remuneration policy;
- c) Information on the link between pay and performance;
- d) Information on the criteria used for performance measurement and risk adjustment;
- e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- f) Main parameters and rationale for any annual bonus scheme and any other non-cash benefits.

This Policy is part of the Company's policies and procedures and therefore, the main principles are available to all permanent staff.

The employees are informed about their remuneration criteria used to measure performance and the link between performance and pay.

**7. Control points reminder**

<b><u>Name of the Control</u></b>	<b><u>Team in Charge</u></b>	<b><u>Periodicity</u></b>
Review of Remuneration Structure	Compliance Officer / Internal Audit	Annual