

Remuneration Policy

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1. Definitions and Acronyms

AIF

An alternative investment fund in line with the AIFM Law as of 12 July 2013.

Conducting Officer

The person in charge of conducting, monitoring and supervising the activities and the business of the IFM.

Conflict of interest

Situation where different parties have interests that might conflict with each other.

Board of Directors

Board of Directors of the IFM.

Fund

UCITS or AIF managed by the IFM.

IFM

Investment Fund Manager, Renta 4 Luxembourg, acting on behalf of an investment fund.

Renta 4 Luxembourg S.A

The Investment Fund Manager (hereafter, the “IFM”), a société anonyme incorporated in Luxembourg with registered address at 70, Grand-rue L-1660 Luxembourg, registered with the Luxembourg trade and companies under number B 200 177.

Staff

For the purpose of this Policy, it means Renta 4 Luxembourg’s employees (including employees of Renta 4 Group insourced by Renta 4 Luxembourg), Conducting Officers, members of the Board of Directors, and external persons placed at the disposal of the Renta 4 Luxembourg.

UCITS

Undertaking for Collective Investment in Transferable Securities in line with the Law of 17 December 2010.

2. Purpose and scope

The Remuneration Policy (hereafter the “**Policy**”) is aimed at ensuring the best possible alignment of the interests of the IFM’s shareholders, those of its management and those of the UCITS/AIFs it manages, through careful risk management and the consistent pursuit of long-term goals.

The Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking (including sustainability risks) inconsistent with the risk profile, rules or instruments of incorporation of the funds managed.

The Policy is in line with the business strategy, objectives, values and long-term interests of the IFM, such as sustainable growth prospects, and is consistent with the principles relating to the protection of clients and investors in the course of services provided.

The Policy is linked to the conflicts of interest policy and register which include measures to avoid Conflicts of interests related to remuneration.

This Policy applies to the following categories of staff, which are eligible to a variable remuneration:

- **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, Compliance and Internal Audit may receive a variable remuneration based on their individual performance and the global results of the IFM, but their variable remuneration should not be linked to the performance of functions they monitor.

The IFM ensures that the remuneration of these categories of staff is appropriate to their responsibilities, expertise, tasks and powers.

The Policy only applies to permanent staff of the IFM.

Delegated functions

Internal Audit, administration and accounting of the IFM are delegated. Their fees are out of the scope of the Policy.

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

3. Regulatory Background

The Policy, aims to comply with the applicable legal background:

EU Regulations Directives	<ul style="list-style-type: none"> - 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 (the "SFDR"). - Other relevant EU Directives and Regulations.
Luxembourg Law	Law of 17 December 2010 relating to Undertakings for Collective Investment.
	Law of 12 July 2013 on Alternative Investment Managers ("AIFM Law").
	CSSF Circular 10/437 of 1 February 2010 "Guidelines concerning the remuneration policies in the financial sector".
	CSSF Circular 18/698, Section 5.5.9: Remuneration policy.
ESMA guidelines	2016/575 Guidelines on sound remuneration policies under the UCITS Directive.
	2013/232 Guidelines on sound remuneration policies under the AIFMD.
	2016/579 Guidelines on sound remuneration policies under the AIFM Directive.

The Policy might be modified in the future to consider evolutions in the regulatory framework.

4. General Principles

4.1. 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.

The variable component of the remuneration is limited to 50% of the total remuneration.

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.

The Board of Directors will determine the maximum variable component of the remuneration which is revisable annually.

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 IFM. The Board will especially revise the maximum limit on the variable component.

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

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

4.2. 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 IFM.

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 IFM.

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 IFM, 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 IFM or who represent the staff cannot be linked to the short-term results of the IFM but takes into account other factors such as the time dedicated to their function and their respective responsibilities.

4.3. 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.

4.4. Retention measures

The IFM 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 IFM seen as a whole.

Moreover, the IFM 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 IFM 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.

4.5. Procedure

Each year, the Board of Directors revises the structure of the remuneration policy to take into account the new situation of the IFM. In the elaboration of its review, the Board takes into account in particular all elements regarding the strategy of the IFM as well as the strategy regarding risk taking, the nature, scale and complexity of the IFM.

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 IFM. 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 IFM 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 IFM 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 IFM to the staff, and number of beneficiaries;

- b) Information concerning the decision-making process used for determining the remuneration policy;
- c) Information on the relationship between performance and remuneration;
- 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 IFM's policies and procedures framework and therefore, the main principles are available to all staff.

The employees are informed about the remuneration criteria used to measure performance and the relationship between performance and remuneration.

5. Control points reminder

Name of the Control	Responsibility	Periodicity
Ensuring that the Remuneration Policy is consistent with and promotes sound and effective risk management.	Compliance Officer	Annually
Ensuring that the Policy is in line with the interest of the IFM and of the fund investors.	Compliance Officer	Annually
Reviewing the remuneration structure.	Compliance Officer / Internal Audit	Annually
Ensuring that the control functions' remuneration is independent from the performance of the business areas they control.	Compliance Officer	Annually
Ensuring that the disclosure requirements are met.	Compliance Officer	Annually