



## REMUNERATION POLICY

### Preamble

The Remuneration Policy of LUXCELLENCE Management Company S.A. (hereinafter "LUXCELLENCE" or the "Company") aims to define the principles, the rules, the decision-making and the governance processes that frame the overall remuneration offered by the Company.

This policy reflects the overall Human Resources strategy of the Company and the CACEIS Group, its values and culture.

It is part of CACEIS 'remuneration policy, which is itself part of the Crédit Agricole Group's remuneration policy.

It promotes sound and effective risk management, taking into account long-term interests of the company such as sustainable growth prospects and is suitable to the activities of the company. In accordance with article 5 of the EU Regulation n. 2019/2088, the risks considered in the present Remuneration Policy are in line with the sustainability risks that are integrated in the investment decisions and outlined in its 'Sustainability Risk Policy'.

This Policy is in particular established in application to the following texts:

- The AIFMD directive as transposed in Luxembourg by the law of 12 July 2013 on alternative investment fund managers;
- The UCITS V directive as transposed in Luxembourg by the law of 17 December 2010 on undertakings for collective investment, as amended;
- Circular CSSF 10/437 on remuneration policies in the financial sector;
- The "Guidelines " of the European Securities and Markets Authority on the remuneration policies governed by the UCITS and the AIFM Directives ("ESMA Guidelines").

### 1. Scope

This remuneration policy applies within LUXCELLENCE to all types of remuneration paid by LUXCELLENCE to its staff, including its managers, the risk management department's team, the staff assigned to the compliance function, and any other person exercising any supervisory function, as well as any other employee of LUXCELLENCE who, in view of its overall remuneration, is in the same salary bracket as the conducting officers, and whose professional activities have a substantial impact on the risk profile of the funds under the collective management of LUXCELLENCE.



## 2. The principles of remuneration policy

The remuneration policy of LUXCELLENCE must pursue several objectives:

- Equity: ensuring equal wages for comparable compensation
- Incentive: encouraging individual and collective performances
- Competitiveness: to attract and retain quality employees
- Realism: at a cost acceptable to the Company
- Compliance: in line with legal and contractual obligations, favoring sound and effective risk management and focusing on the long-term interests of the Company

The remuneration policy is in line with the economic strategy, the objectives, values and the interests of LUXCELLENCE and the investment funds under collective management and those of investors in these funds, and includes measures to avoid conflicts of interest.

Employees exercising control functions are independent from the business units they supervise and their remuneration is independent from the performance of the areas of activity they control.

## 3. The rules of the remuneration policy

The total remuneration consists of the contractual remuneration and a variable complement of income that is not guaranteed but paid at year end according to the results of the Company, the Group and the achievement of employee-specific objectives in a multi-year framework (cf. variable compensation supplement below).

### 3.1 Contractual remuneration

#### 3.1.1 Fixed salary

In order to guarantee the internal coherence of the salary grid, LUXCELLENCE has set up a framework in which employees can evolve during their career.

##### • Conventional staff

For the contracted staff, reference should be made to the collective agreement for Bank employees.

##### • Staff Outside Convention

For non-contracted staff, salary is determined by the position, the experience and the skills of the person. In close collaboration with the Management, the Human Resources Department of the Company ensures compliance with the internal wage coherence.

To keep abreast of the level of remuneration by function, the Human Resources of the Company regularly conducts external and internal compensation surveys to ensure the fairness and consistency of its compensation practices.

#### 3.1.2 Compensation peripherals

In addition to salaries, LUXCELLENCE employees can benefit from remuneration (benefits in kind, supplementary pension schemes, etc.). Some are granted to all employees, regardless of the function performed. Others are reserved for employees who have reached a certain skill level or who perform a certain specific function.

### 3.2 The variable compensation supplement

Employees may benefit from variable remuneration payable at the end of the financial year. This one is discretionary. It varies according to the results of the Company, the Group and the achievement of employee-specific objectives in a multi-year framework.

The financial and non-financial objectives of the employees are defined as part of the annual appraisal interview.

They can be:

- **economic** (degree of achievement of the departmental budget of revenues and / or expenses, increased number of customers, participation in marketing campaigns, contribution to the development of new products, realization of projects, optimization of procedures, ...),
- **managerial** (establishment of an information sharing culture, development of employees' skills, maintaining a good working atmosphere, encouraging employees to internal mobility, implementation of productivity improvement plans, etc.),
- **societal** (contribution to equality between men and women at CACEIS, employee awareness of CACEIS 'sustainable development policy, etc.),
- **professional behavior** (listening to external or internal clients, detection of their needs, reliability in the performance of the assigned tasks, respect of deadlines, transmission of know, ...),
- **ethics** (compliance with legal and regulatory provisions, procedures internal rules, code of ethics, ...).

It is the responsibility of the direct supervisor, who has ultimate responsibility for the appraisal, to determine the degree of achievement of the set objectives.

Variable compensation payable at the end of the year is capped. It cannot exceed 100% of the contractual remuneration.

It follows from these principles and practices that:

- Variable compensation is paid only if the results of the Company and / or the CACEIS Group as a whole allow it.
- It is distributed within the framework of the budget approved by the Board of Directors of the CACEIS Group.
- The Company is able to not grant variable compensation when the criteria for performance, risk management and / or compliance rules have not been satisfied by the concerned person, the relevant operational department, the Company, the Group.

Variable compensation is not paid through instruments or methods that facilitate the circumventing requirements set out in the UCITS V Directive and the AIFM Directive.

The variable remuneration is calculated on the results for the year N and paid on year N + 1, under the condition that the employee is working for an entity belonging to the Crédit Agricole Group.

#### Limiting provisions

LUXCELLENCE reserves the right, in case it finds that the variable remuneration has been determined on the basis of fraudulent data, to take action to recover the sums unduly collected from the beneficiaries.

## **Special cases**

As a matter of principle, variable remuneration cannot be fixed in advance; it must always be based on an effective performance.

An exception may exist when recruiting a new employee. In these cases, for the first year of activity, the amount of the variable remuneration may be fixed contractually.

Payments linked to the early termination of a contract correspond to the performance achieved and are designed so as not to reward failure.

## **4. Decision-making processes and control procedures**

### **4.1 Determination of salary increases and additional compensation variable**

#### **• Conventional and non-convention staff**

The overall remuneration package (salary increase and variable compensation) is set by the Executive Committee of the CACEIS Group.

For each employee, the amounts allocated are the result of a consultation between the hierarchy, the Human Resources Department, and the authorized management of LUXCELLENCE.

The analysis of the specific situation of the employees for each department is subject to successive work meetings.

The decision for a salary increase and for an individual variable compensation supplement is the result of a whole series of discussions and exchanges so that all the stakeholders are in agreement one another with the decisions taken.

#### **• The authorized management of LUXCELLENCE**

The members of the authorized management of LUXCELLENCE are evaluated by their superior, in agreement with their transverse business manager if necessary. The amounts of salary increase and any individual variable compensation are validated with the General Management of the CACEIS Group.

#### **• The members of the Board of Directors**

The members of LUXCELLENCE's Board of Directors also exercising other functions in the CACEIS Group do not receive any remuneration for the performance of their mandate at LUXCELLENCE.

The members of the Board of Directors of LUXCELLENCE who are independent may receive a remuneration, the terms of which will be determined in accordance with the laws and regulations applicable.

### **4.2 Control methods**

#### **The HR Department of the CACEIS Group**

The salary revision process is supervised by the Human Resources Department at group level which ensures:

- Compliance with the budget validated by the Executive Committee of the CACEIS Group
- The application of the decisions of the Executive Committee of the CACEIS Group and / or the General Management of the CACEIS Group

### **Reviewed by the CACEIS Group**

The remuneration is analysed and validated individually by the members of the Executive Committee of the CACEIS Group and / or the CACEIS Group General Management for:

- The authorized management of LUXCELLENCE,
- The managers in charge of the Risk Management and Compliance functions of LUXCELLENCE,
- And employees with equivalent salary levels.

### **5. Approval - Compliance - Monitoring**

The authorized management is responsible for its implementation and defines the policy it suggests to the Board of Directors.

The Board of Directors of LUXCELLENCE approves the present remuneration and oversees its implementation. Any modification must be approved by the Board of Directors of LUXCELLENCE. The Board of Directors of LUXCELLENCE reviews at least once a year the general principles of this Policy.

As part of the supervisory review process, the CSSF assesses the risks to which financial firms could be exposed including the risks associated with the policy and the compensation practices.

The remuneration policy is periodically updated in coordination with the Human Resources Department at the level of CACEIS Group to ensure that it fits well with the changing environment and the Company.

The implementation of this remuneration policy is subject, at least once a year, to a central and an independent internal evaluation to ensure that it complies with the remuneration policies and procedures adopted by the management body in the exercise of its monitoring mission.

***September 2023 - Reviewed December 2024***