



INNOCAP GLOBAL INVESTMENT MANAGEMENT (IRELAND) LIMITED

REMUNERATION POLICY

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1. Definitions

In this document, except where the context otherwise requires, the following terms have the meaning assigned to them:

"Act"	means the Companies Act 2014;
"AIF"	means an alternative investment fund as defined in Regulation 5 of the AIFM Regulations;
"AIF Rulebook"	means the Central Bank's rulebook in relation to AIF, as may be amended, consolidated or substituted from time to time;
"AIFM"	means an alternative investment fund manager as defined in Regulation 5 of the AIFM Regulations;
"AIFMD Level 2"	means Commission Delegated Regulation (EU) No. 231/2013;
"AIFM Regulations"	means the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013);
"Board"	means the board of directors of the Company;
"Central Bank"	means the Central Bank of Ireland or any successor regulatory authority;
"Constitution"	means the constitution of the Company as amended from time to time in accordance with the requirements of the Central Bank;
"Depository"	means the relevant depository/depositories or any successors thereto duly appointed with the prior approval of the Central Bank as the depository of the Funds;
"Designated Person"	means a designated person as described at paragraph 4.2;
"ESMA"	means the European Securities and Markets Authority;
"ESMA Guidelines"	means ESMA's guidelines on sound remuneration policies under the AIFMD (ESMA/2016/411);
"Fund(s)"	means an AIF or UCITS managed by the Company;
"Innocap Inc."	means Innocap Investment Management Inc.;
"SFDR"	means the Sustainable Finance Disclosures Regulation (Regulation (EU) 2019/2088);
"Sustainability Risk"	means, as defined in SFDR, 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 an investment.
"Trading Advisor "	means the individual entity or entities to which the Company has delegated certain aspects of the portfolio management function of a Fund, with the Company remaining responsible for, and reserving, the decision-making power in relation to certain key decisions in respect of portfolio management;

"UCITS"

means an undertaking for collective investment in transferable securities authorised in accordance with Article 5 of Directive 2009/65/EC;

2. Purpose & Framework

- 2.1** This document sets out the remuneration policy of Innocap Global Investment Management (Ireland) Limited (the "**Company**"), including the principles governing how the Company remunerates its members of staff and recognised "Identified Staff" (as identified in section 4 below) (the "**Remuneration Policy**").
- 2.2** In accordance with its obligations under the AIFM Regulations and AIFMD Level 2 and Regulation 24A(1) of the UCITS Regulations, the Company is required to have remuneration policies and practices for its Identified Staff that are consistent with and promote sound and effective risk management and that neither encourage risk-taking which is inconsistent with the risk profiles, rules or constitution of the Funds nor impair compliance with the Company's duty to act in the best interests of the Funds. The Company has determined its remuneration policies and practices in accordance with the principles set out in Schedule 2 to the AIFM Regulations (as detailed in Appendix A) (the "**Remuneration Principles**") and in a manner consistent with the ESMA Guidelines.
- 2.3** This Remuneration Policy complies with the Remuneration Principles in a way and to the extent that is appropriate to its size and the size of the Funds, the internal organisation of the Company and the Funds and the nature, scope and complexity of the Company's and the Funds' activities as detailed in section 5 and Appendix B below.
- 2.4** This Remuneration Policy does not set down specific monetary remuneration for individual staff members as each remuneration package remains primarily the result of negotiation between a staff member and the Company. Rather, through adoption and implementation of the policies and procedures contained in this document; the Company seeks to demonstrate how it complies with the Remuneration Principles.

3. Responsibility and Review

- 3.1** Responsibility for oversight of the implementation and supervision of the Remuneration Policy lies with the Board. No amendment to or exception from this Remuneration Policy should be made without the approval of the Board.
- 3.2** The Board is responsible for:
- (a) overseeing effective implementation of the Remuneration Policy with an emphasis on ensuring that the Company's remuneration practices and arrangements align with appropriate risk taking and the business strategy, objectives, values and long-term interests of the Company and the Funds, and includes measures to avoid conflicts of interest;
 - (b) ensuring that the Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company or which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds;
 - (c) reviewing and monitoring the Company's remuneration strategy for all employees including, but not limited to, decisions related to pay mix (fixed versus variable remuneration) and decisions related to the risk-balancing of variable remuneration arrangements; and

- (d) supervising the Remuneration Policy, including reviewing changes to methodology and reports on the effectiveness of the variable remuneration arrangements.

3.3 This Remuneration Policy is reviewed at least annually by the Board to assess whether it:

- (a) operates as intended; and
- (b) remains compliant with the Remuneration Principles.

3.4 The Company's compliance with the Policy may also be subject to compliance monitoring from time to time and at least annually.

4. Identified Staff

4.1 The Company is responsible for identifying the members of staff who fall within the definition of "Identified Staff" i.e. any categories of staff whose professional activities have a material impact on the risk profile of the Company or the Funds. "Identified Staff" is further described in the ESMA Guidelines and includes the following (unless it is demonstrated that the relevant staff member has no material impact on the risk profile of the Company or any Fund):

- executive and non-executive members of the Board;
- senior management;
- control functions¹;
- staff responsible for heading the portfolio management, administration, marketing and human resources departments;
- risk takers who either individually or collectively, as members of a group can exert material influence on the Company's risk profile or on the Funds. "Material influence" for such purpose is considered by the Company to be any person whose activities could potentially have a significant impact on the Company's results and/or balance sheet and/or on the performance of the Funds.²
- any other employees in the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the Company's risk profile or on the Funds.

4.2 As at the date of this Remuneration Policy, the Company has determined that the following persons fall within the definition of "Identified Staff":

- (i) Non-Executive Directors
- (ii) Executive Director / Senior Management
- (iii) Control Functions/Designated Persons

5. Application of the Proportionality Principles

5.1 As noted in section 2.3 above, the Company must comply with the Remuneration Principles in a way and to the extent that is proportionate to do so. In assessing what is proportionate, the Company has focused its analysis on the combination of:

- (a) the size of the Company and the Funds;
- (b) the internal organisation of the Company and the Funds; and
- (c) the nature, scope and complexity of the Company's and the Funds' activities

¹ Defined in the ESMA Guidelines as "staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within an AIFM".

² Paragraph 20 of the ESMA Guidelines provides "When assessing the materiality of influence on an AIFM's risk profile or on an AIF it manages, AIFMs should define what constitutes materiality within the context of their AIFMs and the AIFs they manage. Criteria that AIFMs may follow to check whether they are capturing the correct staff members include an assessment of staff members or a group, whose activities could potentially have a significant impact on the AIFM's results and/or balance sheet and/or on the performance of the AIFs they manage."

(the “**Proportionality Principles**”).³

The Company’s analysis of the Proportionality Principles is set out in Appendix B.

- 5.2** On the basis of the Company’s analysis of the Proportionality Principles the Board has determined that the Company’s activities and operations are currently limited in their scale and complexity. The Board considers this Remuneration Policy to be appropriate to the size, internal operations, nature scale and complexity of the Company and the Funds.
- 5.3** Taking into account the Proportionality Principles and in accordance with the ESMA Guidelines, the Board has decided to dis-apply certain elements of the Remuneration Principles as follows: ⁴

(a) Remuneration Committee

The Board has determined in light of the size of the Company and of the Funds and the nature, scale and complexity of its operations that a remuneration committee is not required. Remuneration matters will be dealt with by the Board with the relevant affected director absenting himself from such discussions. ⁵

(b) Pay-Out Process Rules

The Remuneration Principles incorporate certain pay-out process rules which relate to the payment of a portion of variable remuneration in instruments, the retention rule, the deferral rules and the requirement relating to the ex-post incorporation of risk for variable remuneration as detailed under paragraphs (m), (n) and (o) of the Remuneration Principles (as detailed in Appendix A) (the “**Pay-Out Process Rules**”).

The Board have decided to dis-apply each of the Pay-Out Process Rules with respect to each of the Identified Staff. In reaching this determination, the Board have had regard to each of the Proportionality Principles and is satisfied that this approach aligns the interests of its Identified Staff with those of the Company, the Funds and the investors of the Funds. A summary of the Board’s determination is set out below:

Size: The Company has fifteen employees and three Fund structures under management (less than 10 sub-funds). The Board have determined that it would not be proportionate to apply each of the Pay-Out Process Rules to the Identified Staff given the small size of the Company and the Funds.

Internal Organisation: The Company and the Funds have simple organisational structures. The Company has one subsidiary and no branches. The Company has one shareholder, Innocap Inc. Neither the Company, the Funds nor Innocap Inc. are listed. The Board have determined that in light of the non-complex nature of the internal organisation of the Company and the Funds, it would not be proportionate to apply each of the Pay-Out Process Rules to the Identified Staff.

Nature, Scope & Complexity: The Company delegates the portfolio management function (with the exception of cash management) and therefore does not receive a performance fee, the Funds follow a small range of strategies, cumulatively the Funds have not been determined internally as high risk. The Board have determined that in light of the non-complex nature and scope of the activities of the Company and the Funds, it would not be proportionate to apply each of the Pay-Out Process Rules to the Identified Staff.

³ Any other criteria used should be documented in the policy.

⁴ Paragraph 25 ESMA Guidelines: “If AIFMs deem a disapplication for these requirements appropriate for their type of AIFM or *identified staff*, they should be able to explain to competent authorities, if requested, the rationale for every single requirement that is dis-applied. Disapplication should never be automatically triggered on the basis of these guidelines alone: AIFMs should perform an assessment for each of the remuneration requirements that may be dis-applied according to the following paragraph and determine whether proportionality allows them not to apply each individual requirement;”

⁵ In order to identify whether a remuneration committee is expected to be set up, the factors mentioned in Section VII (Guidelines on proportionality) need to be considered. When assessing whether or not an AIFM is significant only with respect to one or two of the three above factors should not be required to set up a remuneration committee..

6. Remuneration subject to the Remuneration Policy

- 6.1** As a general principle, the Company sets out the total remuneration package of Identified Staff in a way that the fixed remuneration remains sufficiently high as compared to the variable component in order to remunerate the professional services rendered, in line with the level of education, the degree of seniority, the level of expertise and skills required, the constraints and job experience, the relevant business sector and region. Where remuneration includes a variable component or a bonus, the remuneration package is structured with an appropriate balance of fixed and variable remuneration components. The appropriate balance may vary across staff members, according to market conditions and the specific context in which the Company operates.
- 6.2** The Company recognises that in addition to the fixed remuneration a variable remuneration component can be awarded to all staff members including Identified Staff, as additional payment or benefit in relation to the services provided by such Identified Staff. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's rank in the Company and professional activity as well as market practice.
- 6.3** This Remuneration Policy applies to all forms of payments or benefits paid by the Company to the Identified Staff in exchange for professional services as follows:

Fixed Remuneration	The fixed remuneration is determined on the basis of the role of the individual employee, including responsibility, job complexity, skills, seniority, performance and local market conditions as further detailed in sections 9 and 10 below.
Variable Remuneration	The variable or performance-based remuneration motivates and rewards high performers who strengthen long-term relations and generate income and shareholder value. The Company will reward its employees for exceptional performance by way of a taxable bonus payment as further detailed in section 7 below.
Pensions	The Company intends to establish a pension policy which will be aligned with the business strategy, objectives, values and the long-term interest of the Company. Details of an employee's pension entitlement (if any) will be set out in the relevant employee's employment contract.
Other Benefits	Other benefits such as health insurance are awarded on the basis of individual employment contracts and local market practice.
Severance	In the event of severance resulting from performance related issues, no severance payments shall be made beyond those to which an employee is contractually entitled.

7. Performance-based remuneration

- 7.1** Performance-based remuneration is awarded in a manner which promotes sound risk management and does not encourage excessive risk-taking.
- 7.2** The total amount of performance-based remuneration is 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. When determining individual performance, financial (quantitative) and non-financial (qualitative) criteria such as compliance with internal rules and procedures of the Company are taken

into account.⁶ The quantitative and qualitative criteria and the balance between them is determined by the Company for each level and category of staff and is clearly documented.⁷

7.3 The assessment of the performance-based components of remuneration of Identified Staff is required to be based on longer term performance and take into account the outstanding risk associated with performance. The assessment of performance shall be set in a multi-year framework appropriate to the life-cycle of the Funds in order to ensure that the assessment process is based on longer term performance.⁸

7.4 The Company maintains a fully flexible policy on variable remuneration, implying not only that variable remuneration will decrease as a result of negative performance by the relevant Identified Staff, its business unit or the Company itself, but also that it can go down to zero in some cases where 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 or in case of a negative assessment of the performance of such Identified Staff.⁹

7.5 Performance-based remuneration depends on the decision of the Board to allocate funds to the performance-based remuneration pool. The performance-based remuneration pool may vary over periods depending on:

- (i) The profit margin and EBITDA of the Company and Innocap Inc. in absolute terms and versus budget, realised over the relevant fiscal year;
- (ii) The performance-based remuneration pool budget;
- (iii) Cost of development of the Company;
- (iv) Internal specific risks affecting the Company;
- (v) Compliance with internal business procedures and conduct of business rules;
- (vi) Particular market conditions relevant for the business of the Company;
- (vii) The level of net asset under management changed in the relevant fiscal year; and
- (viii) Client satisfaction.

7.6 Performance will be determined by documented pre-agreed objectives. Records of the determination of the overall variable remuneration pool in respect of each performance period are maintained by the Company.¹⁰

7.7 The Company uses a documented award process in order to translate performance assessment into variable remuneration.¹¹ Performance will be determined by pre-agreed objectives.

7.8 Performance-based pay is not guaranteed and no employee will have a contractual entitlement to such pay. The Company adopts a discretionary approach to performance-based remuneration.

7.9 The distribution of the performance-based remuneration pool to staff members (including Identified Staff) is based on the criteria defined also below in the section 8.1 below and is approved by the Board.

7.10 The award process determines the variable remuneration of the staff members (including Identified Staff) taking into consideration his/her individual performance, the performance of his/her business unit and overall performance of the Company.

7.11 In relation to the payments related to the early termination of a contract which are awarded on a contractual basis, they should be related to performance achieved over time and designed in a way that does not reward failure.

8. Measures to avoid conflicts of interest and internal controls

⁶ Paragraph 110 of the ESMA Guidelines.

⁷ Paragraph 111 of the ESMA Guidelines

⁸ Schedule 2 Requirements

⁹ Paragraph 94 of the ESMA Guidelines.

¹⁰ Paragraph 117 of the ESMA Guidelines

¹¹ Paragraph 97 ESMA Guidelines

8.1 Performance-based remuneration is awarded in a manner which avoids conflicts of interest. The Company has put in place measures to ensure that the variable remuneration awarded does not impair the duty of the Company to act in the best interest of the Funds.

- (i) The variable remuneration of all the staff members (including Identified Staff) are strictly reliant on the financial results of both the Company and Innocap Inc., the individual performance of the staff member along with the result of his/her business unit. The methodology used for the calculation and pay-off of variable remuneration do not compromise the obligation of the Identified Staff to act in the best interest of the Funds.
- (ii) Reference used in the calculation of variable remuneration of Identified Staff are common across investment services and products offered and include qualitative criteria.
- (iii) The variable remuneration is calculated and awarded on a linear basis rather than being dependent on meeting an “all or nothing” target.
- (iv) Fixed remuneration remains sufficiently high as compared to variable remuneration.
- (v) The variable remuneration takes into consideration the fair treatment and the satisfaction of the client (i.e. complaints made by clients are assessed during the award process).

8.2 The Company has implemented adequate controls for assessing compliance with its remuneration policies and practices. This remuneration policy is periodically reviewed by the CCO who regularly assesses the adequacy of measures put in place to avoid conflicts of interests.¹² In addition, the outcome of the assessment and controls are regularly reported to the Board.

9. Remuneration of the Board

9.1 In accordance with the Constitution, the members of the Board are entitled to receive such remuneration as may be determined by the Company in general meeting from time to time and executive directors are entitled to receive such remuneration as the Directors, with the approval of the Company in general meeting, may determine. The Constitution further provides that the remuneration of any alternate directors shall be payable out of the remuneration (if any) paid to the Director appointing him and shall consist of such portion of the last-mentioned remuneration as shall be agreed between the alternate and the Director appointing him.

9.2 Non-Executive Directors:

- (a) The alternate director does not receive any fees from the Company in respect of her role as non-executive Director.
- (b) The independent receives a fixed fee only and does not receive performance-based remuneration therefore avoiding a potential conflict of interest. The fixed fee is set at prevailing market levels that reflect the qualifications and contribution required in view of the Company's complexity, the extent of their responsibilities and the number of board meetings.
- (c) No pension contributions are payable on the non-executive Directors' fees.

9.3 Executive Directors/Senior Management

The CEO receives a mix of a fixed and discretionary variable remuneration in respect of his position as CEO of the Company, receiving no fee in respect of his role as executive Director, together being consistent with his expertise and responsibilities. The decision in relation to the fixed and variable remuneration for the CEO

¹² Paragraph 51 of the ESMA Guidelines provides “The periodic review of the implementation of the remuneration policies and practices may be, partially or totally, externally commissioned when appropriate according to proportionality. Larger and more complex AIFMs should have sufficient resources to conduct the review internally, though external consultants may complement and support the AIFM in carrying out such tasks where appropriate. In line with proportionality, smaller and less complex AIFMs may decide to outsource the entire review, by performing the review less frequently than annually or carrying out at least annually an internal assessment not amounting to a full independent review. In all cases, the *supervisory function* should remain responsible for the review of remuneration policies and practices and for ensuring that the results of the review are followed up; moreover, the relevant *control functions* should be closely involved.”

is overseen directly by the non-executive Director of the Company. The additional executive director receives a mix of a fixed and discretionary variable remuneration in respect of her role and does not receive a fee in respect of her role as executive director.

10. Remuneration of the Control Functions

10.1 The Company has delegated the remuneration of employees to Innocap Inc. The remuneration of the Designated Persons, including those in control functions is assessed by the Innocap Inc. HR Remuneration Committee, as delegated from and with recommendations to, the board of Innocap Inc in respect of the employees of the group.

10.2 The Company recognises that staff members engaged in control functions are independent from the business unit they oversee and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business area they control. The mix of fixed and variable remuneration for control function personnel is weighted in favour of fixed remuneration. The decision in relation to variable remuneration for the designated persons is overseen by the Board. The CEO does not have any decision power on the remuneration of the designated persons.

10.3 The performance of the designated persons will not be linked to the performance of the business area they control. Any variable remuneration to be paid to the designated persons will be determined by assessing his/her performance in delivering his/her responsibilities as the designated persons which will include achieving the actions agreed in relation to compliance and risk management with the Board.

11. Personal Hedging

The Company requires that staff undertake not to use personal hedging strategies or remuneration and liability related insurance to undermine the risk alignment effects embedded in the remuneration arrangements. As the Company does not envisage making payments in shares of the Funds nor the making of remuneration payments in currencies other than Euro, it is not anticipated that circumstances shall arise in which it may be advantageous for staff to engage in such hedging practices.

The Company shall retain a record of the undertaking from the Company's staff not engaged in such personal hedging.

12. Delegation

12.1 The Company delegates the portfolio management of the Funds to the Trading Advisors. The Company will ensure that when delegating portfolio management to the Trading Advisors the following requirements set down in the ESMA Guidelines will be observed:

- a) the Identified Staff of the Trading Advisor are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines;¹³ or
- b) appropriate contractual arrangements are put in place between the Company and the Trading Advisor in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines. These contractual arrangements should cover any payments made to the Trading Advisor's Identified Staff as compensation for the performance of portfolio or risk management activities on behalf of the Company.¹⁴

¹³ ESMA has confirmed that where the delegate's Identified Staff are subject to the Capital Requirements Directive remuneration rules, the delegate will be deemed to be subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines.

¹⁴ In order to be in a position to demonstrate compliance to the Central Bank, there should be some review of the information provided by the delegate on its remuneration arrangements and the Company should satisfy itself that the disapplication of pay-out process rules is appropriate and justified.

- 12.2 Where the Trading Advisor is subject to remuneration rules which are considered equally as effective as those applicable under the ESMA Guidelines, this shall include the relevant regulatory regime under which the Trading Advisor is authorised.
- 12.3 Where the Company appoints a Trading Advisor which is not subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines, the Company shall maintain a record of the overview provided by the Trading Advisor of its remuneration regime, including any justification as to why its remuneration regime does not circumvent the provisions of the ESMA Guidelines.¹⁵
- 12.4 Where a Trading Advisor integrates Sustainability Risks into its investment decision-making process, the Company will ensure that the Trading Advisor's remuneration rules (or the contractual arrangements in respect of remuneration applicable to a Trading Advisor) are consistent with the integration of Sustainability Risk.
- 12.5 The Compliance function maintains a record of the remuneration regime applicable to each Trading Advisor.
- 12.6 As at the date of this policy, the Company has received appropriate contractual confirmations from each of the Trading Advisors in the Trading Advisor Agreement in respect of their remuneration policies and receives quarterly confirmations of compliance with the terms of the Trading Advisor Agreement.

13. Disclosure

13.1 Internal Disclosure

The general principles of the Company's remuneration policy and the specific provisions for Identified Staff are disclosed internally and documented in this policy. Staff members are informed in advance of the criteria that are used to determine their remuneration and of the appraisal process. The appraisal process and this remuneration policy are properly documented and transparent to the individual staff members concerned.¹⁶

The Compliance function will ensure this remuneration policy is accessible to staff members to whom it applies.

13.2 External Disclosure

The Prospectus, and annual report of the Funds shall contain disclosure with respect to remuneration consistent with applicable regulations.

The Compliance function will ensure that all necessary disclosures on remuneration are appropriately made.

¹⁵ This is to ensure that there is a documented audit trail relating to the oversight of the delegates remuneration arrangements being maintained by the Company which should include, where applicable, the rationale and justification for disapplication of the pay-out process rules. This document could comprise of the completed matrix provided by the Trading Advisor or may constitute a separate document which is based on the completed matrix provided by the Trading Advisor and any other correspondence or evidence furnished by the Trading Advisor.

¹⁶ Paragraph 170 ESMA Guidelines.

Appendix A

Remuneration Principles

The Company has determined its remuneration policies and practices in accordance with the following principles (the “**Remuneration Principles**”) in a way and to the extent that is appropriate to the Company’s size and the size of the Funds, internal organisation and the nature, scope and complexity of its activities and in a manner consistent with the ESMA Guidelines:

- (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds;
- (b) the remuneration policy is in line with the business strategy, objectives, values and interests of the Company and the Funds or the investors of the Funds, and includes measures to avoid conflicts of interest
- (c) the Board adopts and reviews annually the general principles of the remuneration policy and is responsible for its implementation;
- (d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Board;
- (e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
- (f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board;
- (g) 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 business unit or Fund concerned and of the overall results of the Company, and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- (h) the assessment of performance is set in a multi-year framework appropriate the holding period recommended to investors and/or the life-cycle of the Fund, in order to ensure that the assessment process is based on longer term performance of the Funds 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;
- (i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;
- (j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;
- (k) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

- (l) 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;
- (m) subject to the legal structure of the relevant Fund and its rules or instruments of incorporation, a substantial portion, and in any event at least 50 per cent of any variable remuneration consists of shares of the Fund concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, unless the management of Fund accounts for less than 50 per cent of the total portfolio managed by the Company, in which case the minimum of 50 per cent does not apply.

The instruments referred to in this subparagraph shall be subject to an appropriate retention policy designed to align incentives with the interests of the Company and the Funds it manages and the investors of such Funds. The Central Bank may place restrictions on the types and designs of those instruments or prohibit certain instruments as appropriate. This subparagraph shall be applied to both the portion of the variable remuneration component deferred in line with subparagraph (n) and the portion of the variable remuneration component not deferred;

- (n) at least 40 per cent, of the variable remuneration component is deferred over a period which is appropriate in view of the holding period, life cycle and redemption policy of the Fund concerned and is correctly aligned with the nature of the risks of the Fund in question. The period referred to in this subparagraph shall be at least 3 to 5 years unless the life cycle of the Fund concerned is shorter; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 per cent of the amount is deferred;
- (o) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the Fund and the individual concerned.

The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company or of the Fund concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;

- (p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the Company and the Funds.

If the employee leaves the Company before retirement, discretionary pension benefits shall be held by the Company for a period of 5 years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments defined in point (m), subject to a 5 year retention period;

- (q) staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- (r) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of these Regulations.