



Remuneration Policy

IQ EQ Fund Management (Luxembourg) S.A.

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I - PURPOSE

The purpose of this document is to present the remuneration policy of IQ EQ Fund Management (Luxembourg) S.A. (IQ-EQ FM or Company hereafter).

The Company is a third party independent management company which is licensed as fully authorized AIFM by the Commission de Surveillance du Secteur Financier (hereinafter CSSF).

The principles of this remuneration policy are based on those set out in IQ-EQ Group remuneration policy.

IQ-EQ FM's remuneration policy has been designed to meet the requirements of the Commission Delegated Regulation (EU) No 231/2013 as well as the requirements of the guidelines established by the CSSF, through the Circular CSSF 0010/437, in order to implement the Commission Recommendation 2009/384/EC of 30 April 2009 and also requirements established by the European Securities and Markets Authority (hereinafter ESMA), through the ESMA / 2013/201 and ESMA / 2013/232 (amended by ESMA/2016/579) guidelines and of the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by ESMA under document number ESMA/2016/411, being also in lien with requirements on Section 5.5.9. of the CSSF Circular 18/698. Further the requirements of the Luxembourg AIFM Law of 12 July 2013 are taken into consideration, especially Annex 1 (Remuneration Policy).

The latter are applicable to alternative investment fund management companies subject to the Alternative Investment Fund Managers Directive (AIFMD 2011/61/EU). This Directive introduces the requirements to be followed in terms of remuneration policy and management practices (governance, transparency and risk management).

This policy is also aligned with the 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 ("SFDR") entered into force on 10 March 2021. This policy promotes sound and effective risk management and does prevent risk-taking including sustainability risks by applying both quantitative and qualitative targets as well as deferred payment of variable remuneration.

This compensation policy applies to all IQ-EQ FM employees.

IQ-EQ FM defines the personnel identified as the categories of personnel performing a control function, as well as any employee whose professional activities have a significant impact on the risk profile of the management company IQ-EQ FM and its AIF (i.e. risk takers whose activities have a material impact on the risk profiles of IQ-EQ FM or, in its function as AIFM, of the AIFs).

As such, the members of the board of directors, the conducting officers, the risk management officers, portfolio management officers and the compliance officers are identified as such (identified staff).

IQ-EQ FM provides that all other employees are not considered as identified personnel to the extent that their duties have no impact on the risk profile of the management company or its AIFs

II – POLICY GOVERNANCE

The Board of Directors is responsible for the approval, implementation and updating of the remuneration policy.

The Board of Directors responsible for remuneration policy and members of the remuneration committees and staff members who are involved in the design and implementation of the remuneration policy have relevant expertise and functional independence from the business units they control and thus be capable of forming an independent judgement on the suitability of the remuneration policy, including the implications for risk and risk management.

The control functions (Risk Management, Legal & Compliance, and Internal Audit) are consulted to review the remuneration policy. The implementation of the remuneration policy is subject to an independent annual review initiated by the internal audit and compliance.

This remuneration policy is subject to an annual audit by the Internal Audit Department. The report resulting from this audit is sent to the Board of Directors and a copy of the report is made available to the CSSF.

III - GENERAL PRINCIPLES

The remuneration policy of IQ-EQ FM (i) is in line with the objectives, values and interests of the Company and the funds managed by the Company and of the investors in such funds, (ii) is consistent with and promotes sound and effective risk management (including sustainability risks) and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the funds that the Company manages, (iii) takes also into account the nature, size and scope of the Company and of each fund it manages and (iv) includes measures to avoid conflicts of interest.

The remuneration policy is approached from different angles (social and economic) which imply the implementation of different tools.

As such, the remuneration takes into account the following elements:

- Equity: ensuring, with equal contribution, a comparable remuneration,
- Incentive: encouraging individual and collective performances,
- Competitiveness: attracting and retaining quality employees (external equity),
- Realism: at a cost acceptable to the company, easy to manage and compatible with its culture, avoid a too rapid progression of the payroll.
- Compliance: in line with legal, contractual and contractual obligations internal policies and procedures.

This Policy must also respond to a combination of constraints that can be formulated as follows:

- What are the development goals?
- What are the future prospects?
- What investment does IQ-EQ FM want to make in its human capital?

This Policy is established to promote sound risk management and internal governance. It is a compromise between economic and social imperatives with the desire to maintain a good social climate in the Company.

This Policy cannot be disconnected from the general IQ-EQ Group policy, nevertheless, in line with ESMA/2016/579 amendments on AIFMD (ESMA/2013/232) the Guidelines on sound remuneration policies.

This Policy of the Company provides that the remuneration paid by the Company to any person who has been identified by the Company as “identified staff” shall be subject to the following rules:

- (a) where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or fund concerned and as to their risks and of the overall results of the Company when assessing individual performance, taking into account financial and non-financial criteria;
- (b) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the funds managed by the Company in order to ensure that the assessment process is based on the longer-term performance of the funds and their investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- (c) 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;

Notwithstanding the above, the Company can set a de minimis threshold (expressed as both an amount of variable remuneration and a percentage of variable remuneration over the fixed remuneration) below which the Company has assessed that it would not be proportionate to apply the rules set-out in section above. Identified Staff whose variable remuneration is below such de minimis threshold are not subject to the rules set-out in section above.

When the Investment Management function is delegated, contractual agreements with entities to which investment management activities have been delegated include appropriate disclosures which ensure that there is no circumvention of the remuneration rules defined under AIFM.

IV - COMPONENTS OF SALARY

The balance between the fixed and the variable compensation is a key consideration for the Board of Directors.

The Board of Directors shall fix the remuneration of the members of the administrative and management bodies of the financial undertaking.

The remuneration of the directors other than those who participate in the daily management of the undertaking or who represent the staff shall not be linked to the short-term results of the undertaking but shall take into account other factors such as the time dedicated to their function and their respective responsibilities.

The remuneration for the Company's employees may be divided in two components:

1. A fixed salary component,; and
2. A variable salary component.

The remuneration policy of the Management Company notably provides that:

1. Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
2. Terms and conditions of employment will not include any guaranteed payments;
3. Payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
4. The pension policy (where applicable) is in line with the business strategy, objectives, values and long-term interests of the Management Company and the funds that it manages;

III A - THE FIXED BASE SALARY

The fixed part is based on the experience, the diplomas, the potential of each employee, the capacity to innovate and the performance in the role. Also, the fixed part is founded on the need to acquire the knowledge, practical experience and behavioral skills necessary for exercising the position. Finally, the fixed base salary is determined by market conditions at the time of hiring.

III – B - VARIABLE REWARDS

Annual bonus scheme (discretionary bonus)

All permanent colleagues are eligible to be considered for the annual bonus scheme.

The variable remuneration (bonus) is based on reaching (or exceeding) quantitative and / or qualitative objectives that are relevant and aligned with the expectations of the role and the organization (see chapter "Performance evaluation").

The allocation of the bonus takes into account the end-of-year final performance score (see section "Performance evaluation"). It should be noted that the payment of bonuses always depends on the Company's financial position and the context in which it operates.

Variable remuneration for employees exercising independent control functions is determined by the Board of Directors (this task can be delegated to the Managing Director).

The variable remuneration of the Managing Director, depending on the achievement of objectives set by the Group Management Board, remains under the supervision of the Group Remuneration Committee.

Control Function

Staff members engaged in control processes such as Compliance are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

Directors Remuneration

Directors are not paid if they do receive a compensation from another company that belongs to IQ-EQ Group. External Directors are paid according to market standards.

Guaranteed bonus

Terms and conditions of employment will not include any guaranteed payments

Functions with focus on Controls and Risk

Staff performing independent control functions, such as Risk Management, Internal Audit, Compliance, or detached functions of operational departments (HR, Tax, Legal & Procedures, Organization & Control, IT, Finance, etc.) are remunerated in connection with the achievement objectives related to their functions, regardless of the performance of the business units.

Contractual indemnities

Compensation paid in connection with the early termination of an employment contract is linked to the actual performance of the person concerned. As such, an interview similar to the existing one for the evaluation of the performances is organized with the person concerned before his

departure from the company. The payment of indemnities, other than those provided for by law, remains discretionary and is ultimately left to the discretion of the Board of Directors, as the case may be.

VI – PERFORMANCE EVALUATION

On a regular basis Everyday Conversations are being organised; Everyday Conversations are 'forward-looking' conversations focussed around an individual's performance, development and career progression. Following no prescribed agenda or approach, the conversations should be adapted to meet what the employee and their Manager want to cover – for example, providing feedback on performance, highlighting strengths, addressing an area of under-performance, planning career progression or creating a personal development plan.

Each employee is evaluated on the following 3 categories:

- Key objectives (set by the Manager of the Employee via the Everyday Conversation)
- Key competencies (behavioural and technical competencies defined for the role and level of the employee)
- The Company Values