



Remuneration Policy

**Active Ownership Corporation S.à r.l.
17, rue de Flaxweiler
L-6776 Grevenmacher
T: 00352 288 001 20**

Version 1 as of September 2019

Table of Contents

1	Introduction.....	3
2	Scope of the Policy	3
2.1	Identified Staff	3
2.2	Delegation of activities	4
2.3	Proportionality.....	4
3	Remuneration structure overview	5
4	Base salary	5
5	Variable pay.....	5
5.1	Short-term incentives: Discretionary bonus – annual cash bonus.....	6
5.2	Specific applicable provisions	6
5.2.1	Remuneration of the members of the Board of Managers	6
5.2.2	Remuneration of the Conducting Officers	6
5.2.3	Remuneration of the control functions.....	6
5.3	Guaranteed variable remuneration.....	6
5.4	Hedging strategies	7
5.5	Bonus withholding (ex post risk adjustments)	7
5.6	Claw Back (ex post risk adjustments)	7
5.7	Pension policy	7
5.8	Proportionality.....	8
6	Appraisal process within the AOCorp.....	8
7	Governance.....	8
7.1	Board of Managers of AOCorp.....	8
7.2	Conducting Officers of AOCorp.....	8
7.3	Control functions	9
7.4	Human Resources	9
7.5	Remuneration Committee	9
8	Disclosure	9
8.1	External disclosure	9
8.2	Internal disclosure	9

1 Introduction

Active Ownership Corporation S.à r.l. ("**AOCorp**") is an alternative investment fund manager ("**AIFM**") authorised by the *Commission de Surveillance du Secteur Financier* ("**CSSF**") in Luxembourg under Chapter 2 of the law of 12 July 2013 on alternative investment fund managers ("**AIFM Law**"), the Delegated Regulation 231/2013 and all other relevant and applicable Laws, Regulations and CSSF Circulars in their currently valid version (all together: the "**AIFM Regulation**").

AOCorp has its registered seat at 17, rue de Flaxweiler, L-6776 Grevenmacher and is governed by the Board of Managers ("**Board**"). It is registered with the Luxembourg Register of Companies ("**R.C.S.**") under number B 237.258.

AOCorp obtained its AIFM license on 13 August 2019, and is registered with CSSF register number A00002485.

AOCorp inter alia is appointed as AIFM of Active Ownership Fund SCS, SICAV-SIF (R.C.S. register number: B 200.454, CSSF register number: 000008641) ("**AOF**").

Pursuant to the AIFM Regulation and the relevant European regulations, an AIFM must have a strong internal governance framework that ensures the sound and prudent management of its activities and inherent risks. This means in particular that the internal governance must ensure sound and prudent management of the AIFM's activities including their inherent risks. In order to achieve this objective an AIFM must set up an internal governance system that complies with the "three-lines-of-defense-model" concept.

In order to fulfil the above mentioned requirements AOCorp has established and implemented the below described procedures setting out the general rules and principles regarding the remuneration of AOCorp Identified Staff ("**Policy**").

The remuneration policy of AOCorp is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile and the rules or instruments of incorporation of the AIFs managed.

The remuneration policy is in line with the interests of AOCorp and the AIFs that it manages and with the interests of the investors in such AIFs in order to avoid conflicts of interest.

The Policy will be reviewed on a regular basis, at least once a year or event driven in order to comply with the AIFM Regulation.

2 Scope of the Policy

2.1 Identified Staff

This Policy covers all staff whose professional activities have a material impact on the risk profile of AOCorp or the AIFs ("**Identified Staff**"). Identified Staff are categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management

and risk takers, whose professional activities have a material impact on the risk profile of AOCorp or the AIFs it manages.

AOCorp has determined the following persons to be Identified Staff for the purpose of this Policy:

- Members of the Board of Managers.
- Conducting Officers
- Staff responsible for the control functions (risk management, internal audit and compliance functions):
 - The risk management function is performed by a Conducting Officer;
 - The internal audit function is performed by an external service provider;
 - The compliance function is performed by an employee of AOCorp, not being a Conducting Officer.
- Staff responsible for the portfolio management, control of AIF administration and HR functions:
 - The portfolio management function lies under the responsibility of a Conducting Officer;
 - The control of the AIF administration is performed by a Conducting Officer;
 - The HR function is performed by a member of the Board of Managers.

2.2 Delegation of activities

AOCorp does not delegate the portfolio management and risk management functions.

2.3 Proportionality

AOCorp complies with the remuneration principles in a way and to the extent that is appropriate to its size and internal organisation and the nature, scope and complexity of its activities.

Due to the small size and the limited complexity of the strategies and products managed, AOCorp assesses its scope of activity as not complex and chooses to invoke the proportionality principle at the level of AOCorp.

By application of the principle of proportionality, **the following requirements may not be complied with:**

- The requirements on pay-out processes for Identified Staff, including:
 - a. The payment of variable remuneration in instruments;
 - b. Deferral requirements for variable remuneration;
 - c. Retention periods;
 - d. Ex-post incorporation of risk (Malus).
- The requirement to establish a remuneration committee.

3 Remuneration structure overview

This Policy is aimed at aligning remuneration with prudent risk-taking. The design of the remuneration system is consistent with the objectives set out in AOCorp's strategy and is based on the following basic principles:

- a proper balance of variable to fixed remuneration;
- the measurement of performance.

AOCorp offers remuneration packages containing the following components:

- Fixed salary (i.e. base salary);
- Variable pay (not guaranteed).

4 Base salary

The base salary 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 at all.

5 Variable pay

AOCorp has a performance-based culture and, as such, it rewards its employees through variable pay. This culture is designed to attract, retain and motivate its staff without encouraging the taking of inappropriate risk.

Variable remuneration is not paid through vehicles or methods employed to circumvent the application of the remuneration provisions of the AIFM Law, including the outsourcing of professional services to firms that fall outside the scope of the AIFM Law and the setting up of structures or methods through which remuneration is paid in the form of dividends or similar pay-outs.

5.1 Short-term incentives: Discretionary bonus – annual cash bonus

The purpose of the discretionary bonus is to annually reward and incentivise excellent performance and to align the success of AOCorp with the one of the employees. Discretionary bonuses are intended to reflect contribution to the overall success of AOCorp and are designed to take a long-term view of AOCorp's development.

All employees are eligible to receive a discretionary bonus.

5.2 Specific applicable provisions

5.2.1 Remuneration of the members of the Board of Managers

None.

5.2.2 Remuneration of the Conducting Officers

None.

5.2.3 Remuneration of the control functions

The performance of the employees responsible for the control functions is measured on the basis of the achievements and objectives of the respective functions and their remuneration is determined independently from the performance of the specific business areas that they support, therefore helping prevent any potential conflicts of interest.

Employees falling under this arrangement are employees in Compliance, Risk Management and Internal Audit.

The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board of Managers.

5.3 Guaranteed variable remuneration

Guaranteed payments (e.g. welcome bonus) can only be used in exceptional circumstances (i.e. only when hiring new staff) and are limited to the first year of employment.

The payments related to the early termination of a contract, awarded on a contractual basis, are designed in a way that corresponds to the employee's effective performance during the employment period and do not reward failure (e.g. "golden parachute").

5.4 Hedging strategies

AOCorp makes all reasonable efforts to ensure that employees do not use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

- AOCorp guarantees that variable remuneration is not paid through vehicles or methods facilitating the circumvention of the requirements of the AIFM Law.

5.5 Bonus withholding (ex post risk adjustments)

As long as this is allowed by the applicable rules and regulations, AOCorp reserves the right to withhold variable remuneration in the following situations:

- Evidence of misbehaviour or serious error by the staff member (e.g. breach of code of conduct, if any, or of other internal rules, in particular concerning risks);
- Where the AIF and/or AOCorp and/or the business unit in which the staff member works subsequently suffers a significant downturn in its financial performance;
- Where the AIF and/or AOCorp and/or the business unit in which the staff member works suffers a significant risk management failure.

5.6 Claw Back (ex post risk adjustments)

As long as this is allowed by the applicable rules and regulations, AOCorp reserves the **right to demand full or partial repayment from the individual** who has been awarded variable remuneration in the following situations:

- Fraudulent conduct by a staff member;
- Misleading information provided by a staff member;
- Breach of the AIFM Law or the applicable ESMA Guidelines.

5.7 Pension policy

Should it be implemented, the pension policy will be in line with the business strategy, objectives, values and long-term interests of AOCorp and the AIFs that it manages.

If an employee leaves AOCorp before retirement, discretionary pension benefits shall be held by AOCorp for a period of 3 years in the form of financial instruments. In the case of employment reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments subject to a 3-year retention period.

5.8 Proportionality

Notwithstanding the above, AOCorp 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 AOCorp has assessed that it would not be proportionate to apply the rules set-out in section 5 above.

Identified Staff whose variable remuneration is below such de minimis are not subject to the rules set-out in section 5 above.

6 Appraisal process within the AOCorp

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 the AIF concerned and of the overall results of AOCorp.

Such assessment includes financial and non-financial criteria.

The assessment of the performance is set in a multi-year framework appropriate to the lifecycle of the AIFs managed by AOCorp in order to ensure that the assessment process is based on longer term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes into account the redemption policy of the managed AIFs and their investment risks.

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.

7 Governance

7.1 Board of Managers of AOCorp

The Board of Managers of AOCorp, in its supervisory function, approves and annually reviews the remuneration policy and oversees its implementation.

It approves the remuneration of the Conducting Officers of AOCorp as well as the variable remuneration of the individuals in the risk management and compliance functions.

Representatives from group entities may provide input to the Board of Managers as regards the performance of the Conducting Officers in their respective areas of responsibility.

7.2 Conducting Officers of AOCorp

The Conducting Officers of AOCorp are in charge of making sure that the remuneration policy is implemented. They elaborate procedures to this effect and submit them to the Board of Managers of AOCorp for approval.

7.3 Control functions

The control functions of AOCorp have been involved in the elaboration of this policy.

The implementation of the policy is subject, at least annually, to the review of the compliance function of AOCorp.

A central and independent review of the implementation of this policy is also conducted by the internal audit function of AOCorp, which reports the results thereof to the Board of Managers of AOCorp at least annually.

7.4 Human Resources

Not applicable.

7.5 Remuneration Committee

Not applicable.

8 Disclosure

8.1 External disclosure

AOCorp will disclose information in line with the “ESMA Guidelines on sound remuneration policies under the AIFMD” through an independent remuneration policy statement, a periodic disclosure in the annual report or in any other form, taking into consideration the principle of proportionality for small and non-complex AIFMs.

The annual reports of the managed AIFs are made available to the investors upon request.

8.2 Internal disclosure

This remuneration policy is part of AOCorp’s policies and procedures and, as such, its main principles apply to all categories of staff. AOCorp’s policies and procedures are available to all members of staff.