



# Remuneration Policy

**Active Ownership Corporation S.à r.l.**  
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## Document history

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## 1 Definitions

Abbreviation	Definition
AIF	Alternative Investment Fund or a sub-fund thereof managed by AOCorp
AIFM	Alternative Investment Fund Manager
AIFM Law	Luxembourg Law of 12 July 2013 on alternative investment fund managers, as amended
AIFM Regulation	Commission Delegated Regulation (EU) No 231/2013
AOCorp	Active Ownership Corporation S.à r.l.
AOF or Fund	Active Ownership Fund SICAV-SIF SCS
Board of Mangers or BoM	The Board of Managers of AOCorp
Company	Active Ownership Corporation S.à r.l., a limited liability company ( <i>société à responsabilité limitée</i> ) organised under the laws of the Grand Duchy of Luxembourg, having its registered office at 17, rue de Flaxweiler, L-6776 Grevenmacher, Luxembourg, and registered with the Luxembourg Register of Companies ( <i>Registre de Commerce et des Sociétés</i> ) under number B 237.258.
Conducting Officer or CO	A Conducting Officer of the AIFM
CSSF	The Luxembourg regulator of the financial sector ( <i>Commission de Surveillance du Secteur Financier</i> )
Identified Staff	All Staff whose professional activities have a material impact on the risk profile of AOCorp or the AIFs
Manager	Member of the Board of Managers
Policy	Remuneration Policy
Staff	AOCorp employees, conducting officers, employees of group companies insourced by AOCorp and certain temporary employees

## 2 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

AOCorp has its registered seat at 17, rue de Flaxweiler, L-6776 Grevenmacher and is governed by the Board of Managers ("**BoM**"). 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 established and implemented the below described procedures setting out the general rules and principles regarding the remuneration of Staff incl. 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 is reviewed on a regular basis, at least once a year or event driven in order to comply with the AIFM Regulation.

## 3 Scope of the Policy

### 3.1 Staff/Identified Staff

This Policy covers all staff incl. staff whose professional activities have a material impact on the risk profile of AOCorp or the AIFs (the latter being "**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):
  - 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.

### **3.2 Delegation of activities**

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

### **3.3 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.

## **4 Remuneration structure overview**

This Policy follows a holistic approach and is aimed at aligning remuneration with prudent risk-taking. It is designed to promote a sound and effective risk management culture to protect the value of the investment portfolio. 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. a base salary in line with market and function);
- Variable pay (not guaranteed, result- and performance-oriented).

## **5 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.

## **6 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, i.e. it does not encourage excessive risk taking incl. sustainability risks.

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.

### **6.1 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.

## **6.2 Integration of sustainability risks**

Sustainability risk considerations, where these are relevant and material for investment performance, are considered as already integrated and incentivised by existing requirements and implemented policies for all Staff to strive for performance in line with investors' long-term interests and the long-term success of AOCorp.

## **6.3 Specific applicable provisions**

### **6.3.1 Remuneration of the members of the Board of Managers**

None.

### **6.3.2 Remuneration of the Conducting Officers**

None.

### **6.3.3 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 function is directly overseen by the Board of Managers.

## **6.4 Guaranteed variable remuneration**

Guaranteed payments (e.g. welcome bonus) may 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").

## **6.5 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.

#### **6.6 Bonus withholding/reduction (ex post risk adjustments)**

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

- Evidence of misbehaviour or serious error by the employee with regard to corporate governance (e.g. breach of the Rules of Conduct, applicable policies or of other internal rules, in particular concerning risk);
- Evidence of misbehaviour or serious error by the employee with regard to social and environmental factors (e.g. no motivation or willingness to learn and improve, counteracting against other employees and teamwork, excessive waste of stationary)
- 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.

#### **6.7 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 were 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.

#### **6.8 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.

## **6.9 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 assessed that it would not be proportionate to apply the rules set-out in section 6 above.

Identified Staff whose variable remuneration is below such de minimis are not subject to the rules set-out in section 6 above.

## **7 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.

## **8 Governance**

### **8.1 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 BoM as regards the performance of the COs in their respective areas of responsibility.

### **8.2 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.

### **8.3 Control functions**

The control functions of AOCorp were 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.

### **8.4 Human Resources**

Not applicable.

### **8.5 Remuneration Committee**

Not applicable.

## **9 Disclosure**

### **9.1 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.

### **9.2 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.