

23. REMUNERATION POLICY

23.1 Objective

Avoiding excessive risk-taking by monitoring and defining a set of rules for the remuneration of employees having a material impact on the risk profile of Zadig (or hereinafter the “**Company**”) or of the UCITS it manages.

The Procedure is an answer to the CSSF Circular 10/437 issued on 1 February 2010 (http://www.cssf.lu/uploads/media/cssf10_437eng_01.pdf), Circular 14/585 issued on 25 February 2014 (http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terrorisme/cssf14_585.pdf) and Circular 17/658 issued on 16 June 2017 (http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terrorisme/cssf17_658.pdf).

23.2 Scope of the procedure

This Remuneration Policy (the “**Policy**”) is in line with the business strategy, objectives, values and interests of the Company. It does not encourage excessive risk taking as compared to the investment policy of the UCITS the Company manages. It enables the Company to align the interests of the UCITS and the investors with those of the Identified Staff (as defined below) that manages such UCITS, and to achieve and maintain a sound financial situation.

This procedure covers the remuneration of the members of the management committee and senior managers of the Company, as well as any person who has a material impact on the risk profile of the Company or the risk profiles of the UCITS that it manages and categories of staff of the entity(ies) to which investment management activities have been delegated by the Company, whose professional activities have a material impact on the risk profiles of the UCITS that the Company manages (“**Identified Staff**”). It only applies to persons who receive a variable component in addition of the fixed remuneration. Reference to this procedure will be reflected in the agreements of the concerned people.

23.3 Governance

This Policy is adopted by the Board and in particular the Company’s non-executive director, as the Company’s management body. The implementation of the Policy shall be the responsibility of the Board and shall include input from all the competent corporate functions when designing the Policy.

The senior managers of the Company (the “**Senior Managers**”) report to the Board on remuneration so as to ensure that all departments are adequately represented. The proposed Policy will be reviewed and adopted, or rejected as applicable, by the Board and the shareholders of the Company who will jointly determine the exact amounts of fixed and variable remuneration.

After initial review by Guillaume Krier (Senior Manager), his comments, suggestions and proposed amendments, the Board will review and approve, and the supervisory function shall oversee, the Policy at least annually. This can only be undertaken by members of the management body who do not perform any executive functions and who have expertise in risk management and remuneration. The Policy as well as any subsequent amendments, especially if resulting in material changes to the existing Policy, must obtain the shareholders’ final approval to take effect.

With the exception of David Pawelkowski, the other directors of the Company receive no remuneration. David Pawelkowski receives variable remuneration based on function-specific objectives and not solely determined by management companywide performance criteria.

As a remuneration committee is not required (see point 23.8 below) and the management body of the Company shall not determine its own remuneration, the supervisory function (Laurent Saglio) will determine and oversee the remuneration of the members of the management body.

23.4 People under the scope of the procedure

Identified staff

- David Pawelkowski, Board member and Head of Compliance - member of senior management as well as a control function holder
- Benoît Grouvel, Trading
- Anup Dodia, Trading

Other Board members of the Company do not receive any kind of variable remuneration from the Company. Other staff members have no material impact on the risk profile of the Company because they are in charge only of the operations or assist in the other tasks. Therefore, these are not in the scope of this Policy.

Risk takers are people who can exert material influence on the Company's risk profile or on the UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the Company or of the UCITS it manages ("**Risk Takers**"). Material Risk Takers must be identified on an annual basis.

23.5 Remuneration Schemes

23.5.1 Remuneration awarded

The Company is paying the following remuneration:

- Fixed salary to all employees;
- Annual bonus to all employees, based on Company's annual results;
- Company car to one employee.

The fixed remuneration awarded by the Company is set at such a level so as to cover for the full remuneration of the Company staff that, as a result, do not have to rely on variable remuneration. The variable remuneration awarded in addition to the fixed salary, if any, is to reward exceptional performance and not to merely complement the individual's fixed salary.

Under the Company's remuneration policy, no guaranteed remuneration is awarded.

The fixed and variable remuneration components must be balanced appropriately, and Zadig shall always have the option of paying no variable remuneration; variable remuneration must be put in place with an adjustment mechanism that integrates all types of current and future risks;

The Company does not offer any discretionary pension benefits.

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.

23.5.2 Objectives

The key objective of the Company is to pursue the investment objectives of the UCITS in such a way so as to ensure that the interests of the investors and the interests of the UCITS are aligned. The investment objectives of the UCITS are described in the prospectus of the UCITS.

Every employee of the Company is made fully aware of the UCITS's objectives. In addition, every employment agreement details the goals and criteria which will be used to determine the individual's level of fixed and variable remuneration.

Targets are set at Company rather than individual level and the extent to which they are achieved will determine the level of variable remuneration awarded. Staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions regardless of the performance of the business areas they

control. Nevertheless, the overall performance of the Company will ultimately determine whether any variable remuneration is to be awarded.

On a yearly basis, investors are fully informed on the profit for the year as well as the bonuses to be awarded.

23.5.3 Conditions of determination of the variable component

The variable component is conditioned by:

1. Financial performance of the Company as a whole

The variable component of the remuneration is conditioned by the results of the Company as a whole. If the Board decides that the financial conditions of the Company do not permit the allowance of such a bonus, there will be no bonus granted. The global amount as well as the allocation between people that will be distributed at the discretion of the Board, based on the financial year results.

The Company's profitability is measured using simple accounting methods in order to determine the overall revenue for the year as well as the total costs incurred. If total revenue exceeds total costs, the firm is deemed to have made a profit and as a result, variable remuneration can be awarded.

The bonus pool will then be calculated on the basis of the Company's financial performance and will depend on the amount of profit made during the year. The size of the bonus pool is in the Company's shareholders' discretion who will ultimately decide the amount of variable remuneration awardable. Once determined, the bonus pool is divided in smaller sections in accordance with the different business units and departments where it will ultimately be allocated to every eligible individual.

2. Qualitative performance of the Company as a whole

Apart from the aforementioned quantitative criteria, when determining the variable remuneration amount, the Company will also take into consideration various qualitative criteria used to further assess the Company's performance. The Company will mainly review the following:

- The extent to which the strategic targets of the UCITS and the investors have been satisfactorily achieved.
- Investor satisfaction and alignment of investors' interests with the interests of the UCITS.
- Adherence to the risk management policy, as this is defined by the Company and is adequately communicated to all the individuals employed by the Company.
- Compliance with legal and regulatory rules as well as all the main policies and procedures set by the Company.

3. Personal performance of each employee

At the beginning of each accounting year (March) and during the year some clear missions and targets will be given to each employee in order to make sure the employee understands the criteria on which the performance of the employee will be evaluated.

The Company fully informs all employees of their compliance duties and obligations and expects that they are fulfilled by each member of staff for the whole duration of each individual's employment. The Company places great importance in the aforementioned criteria and as a result, negative non-financial performance will override any good financial performance, directly affecting the individual's variable remuneration.

Variable remuneration is linked to exceptional performance assessed using both quantitative and qualitative criteria. The Company's approach to remuneration is reflected in all employment contracts which ensure that even in the case of early termination, variable remuneration will still be dependent on performance over time and that failure will not be rewarded.

At the end of the year, the Board will review these missions and targets with the employee and decide on the variable component of his remuneration.

23.5.4 Frequency of payment

The bonuses are distributed once a year, after the financial year-end of the Funds under management results. The Board may decide to change the frequency of the allowance at any time.

23.5.5 Form of the bonuses

The bonuses will only be paid in cash.

23.5.6 Payments deferrals period

If in a given year, the bonus granted is judged as significant by the Board in comparison with the fixed component of the salary of the concerned employees, the Board may decide to defer the main part of the bonus payment for up to one year. The amount of the deferred part will be calculated by taking into account the outstanding risks associated with the performance to which the bonus relates.

If the performance of the Company has been confirmed after one year and no element altered the evaluation of the previous period, the deferred part of the bonus will be paid to the concerned employee.

23.5.7 Modification of the procedure

The Board may decide to update this procedure at any time. If there are changes to the procedure, employees concerned by the procedure will be directly informed.

23.6 Risk Management elements

The Company's risk alignment process uses a combination of the following quantitative and qualitative measures:

Quantitative Measures

- Remuneration calculations are driven by metrics such as pre-tax profit, economic profit and return on risk-weighted assets at the company level.

Qualitative measures

- Quality of earnings and business line performance
- Review of risk performance in relation to risk appetite, risks trends and risk concentrations and against risk objectives set throughout the year
- Regulatory compliance
- Audit findings attributable to individual
- Timely implementation of internal and external audit issues
- Risk policy compliance

The variable remuneration (including the deferred portion) must only be paid if it is sustainable according to Zadig's financial situation as a whole and the individual's and Fund's performance.

23.7 Review of implementation

Since the Head of Compliance is concerned by the Policy, it is the responsibility of Guillaume Krier, to review the implementation of the remuneration policy at least annually. During the periodic review, Guillaume Krier will confirm that:

- All plans/programs are covered;
- Payouts are appropriate;
- Risk profile, long-term objectives and goals adequately reflected; and
- Compliance with regulations, principles and standards.

The findings of the review are duly reported to the Board.

23.8 Proportionality

On the basis of the following table, the Company deems that it is permitted not to apply the following provisions:

- the requirement to have a remuneration committee;
- the pay-out provisions (deferral percentage of variable remuneration);
- variable remuneration in instruments;
- clawback of remuneration; and
- ex-post incorporation of risk for variable remuneration.

as set out in the Guidelines on sound remuneration policies under the UCITS V Directive.

Indication	Commentary	
Size		
Company's capital	€ 622,000	
UCITS AUM	€ 904 Mios as of 30.09.2020	
Risk exposures of the Company or the UCITS	No complex risk-profile of the Company or the managed UCITS	
Number of staff	6 employees	
Branches and/or subsidiaries	None	
Internal organisation		
Legal structure of the Company	Société Anonyme	
Complexity of internal governance structure of the Company	Really simple. Board and Shareholders involved in day-to-day activities	
Nature of activities		
Type of investment policies	Mainly European stocks listed on regulated markets	
Scope of activities		
Type of authorised activity: investment management only or additional activities	Investment Management only	
National or cross border activities	National with the UCITS fund being passported to other EEA states	
Complexity of activities		
Additional management of AIFs	No	

23.9 Disclosure

The Policy is disclosed to the staff as part of the Company's manual of procedures.

The Company discloses elements of its Policy as part of its annual report. The disclosure is made once a year and includes the following elements:

- decision-making process;
- information about governance, including bodies and their composition and scope;
- role of stakeholders;
- regional scope;
- type of staff considered Identified Staff and Risk Takers and criteria used to determine this;
- information on link between pay and performance (main metrics);
- design and structure of the remuneration processes, such as the key features and objectives of the Policy and how the Company ensures that staff members in control functions are remunerated independently of the businesses they oversee;

- description of the different forms of variable remuneration used (i.e. cash, equity, options, other capital instruments, and long-term incentive plans);
- rationale for using these different forms and for allocating them to different categories of staff;
- discussion of the parameters used to allocate deferred and non-deferred remuneration for different staff categories;
- how the Company takes into account current and future risks to which they are exposed when implementing remuneration methodologies and what these risks are;
- measures used to take account of these risks and the ways in which these measures affect remuneration;
- ways in which they seek to adjust remuneration to take account of longer-term performance;
- measures used to avoid conflicts of interest; and
- quantitative (financial) as well as qualitative (non-financial) criteria.

The management body signs off the external disclosure. Disclosure is made as part of the annual report.

The Policy is disclosed to the investors in the relevant Fund’s prospectus (the “**Prospectus**”).

The Prospectus must include:

- details of the Policy, including a description of how remuneration and benefits are calculated, the persons responsible for awarding the remuneration and benefits, including the composition of any remuneration committee; and
- a statement that the details of the Policy (outlined above) are available on a website and by a paper copy.

The key investor information document must also contain a statement that the details of the up-to-date Policy is available on a website and on request.

23.10 Anti-avoidance

Upon joining the Company, all staff members sign an undertake not to use personal hedging strategies or insurance to undermine the risk alignment effects.

As part of the management body sign-off of the Policy, the management body confirms no other methods or vehicles, except the ones described in the Policy, are used to pay variable remuneration.

23.11 Delegation

The Company does not delegate investment management or risk management activities.