

# Remuneration system of Universal-Investment-Luxembourg S.A.

Universal-Investment-Luxembourg S.A. ("Universal-Investment-Luxembourg", "UIL"), as a management company, and as an Alternative investment Fund Manager, is required to maintain an overall sound remuneration policy. Universal-Investment-Luxembourg has detailed the structure of its remuneration policy in a remuneration guideline that aims to ensure a sustainable remuneration system that takes into account sustainable corporate governance. This remuneration guideline is compatible with the risk management process established by the Management Company, is conducive to this and does not encourage the assumption of excessive risks (including sustainability risks) that are incompatible with the risk profiles and the management regulations or articles of association of the funds it manages, nor does it prevent the Management Company from dutifully acting in the best interests of the Fund. While transposing AIFMD requirements, Universal-Investment-Luxembourg takes into consideration its size, internal organization as well as scope and complexity of its transactions which lead to the conclusion that the remuneration proportionality principle is not applied.

The remuneration includes fixed and variable remuneration elements. The remuneration guideline is in line with the business strategy, risks (including sustainability risks), goals, values and interests of the Management Company and the funds it manages and the investors in such funds and includes measures to avoid conflicts of interest. The remuneration guideline was adapted to the applicable regulatory requirements with the support of external advisory. The Supervisory Board is responsible for approving and maintaining the remuneration policy and for monitoring its implementation. The oversight of the remuneration policy is mainly carried out by members of the management body who do not perform any executive functions in the relevant AIFM for its suitability and compliance with all statutory provisions.

The Remuneration Committee of Universal-Investment-Luxembourg is composed of two members of the Supervisory Board. The position of Chairperson of the Remuneration Committee is entrusted to a non-executive and independent director (iNED). It should be noted that the iNED can also hold a mandate at the level of the UI Group. Such mandate shall, however, not prejudice or otherwise impair the individual's independence within the meaning of the Annex I of Circular 12/55 on Central administration, internal governance and risk management. It is also understood that the Chairperson does not hold any executive duty within the entity, thus ensuring complete independence.

The variable bonus pool is based on quantitative and qualitative criteria determined by the Executive Board and the Supervisory Board, as well as on the earnings of Universal-Investment-Luxembourg. The variable bonus pool is then assigned to the various business areas/business departments of Universal-Investment-Luxembourg and the individual employees, taking their performance into account. The assessment takes into account a.o.

- Individual objectives and risk/compliance criteria set at the beginning of each performance year, ethical and regulatory behavior, customer orientation, cooperation.
- The overall evaluation of Identified Staff in particular is monitored by the Board.
- The Company applies a multi-year approach in assessing the performance of the Identified Staff in order to assess the long-term performance of the Identified Staff as well as the life cycle of the Company's managed funds must be taken into account. Accordingly, key performance targets are defined on a multi-year basis.
- The multi-year assessment is also reflected by the ex-post follow-up review of target achievement regarding the deferral components for variable remuneration as well as clawback review for the respective year.

The distribution of the variable bonus pool to all eligible members is based on (i) the importance of their role and the activity carried out, and (ii) the performance notes (assessment score for the objectives, risk assessment score, values and overall assessment) assigned to the employees concerned.

Universal-Investment-Luxembourg may decide not to pay variable remuneration if Universal-Investment-Luxembourg, the operating department concerned or the individual concerned have not met the performance, risk management and/ or compliance criteria. Certain key identified executives/ executive officers would be awarded a variable remuneration in the form of a bonus, calculated on the basis of the Target Level achieved, as a result of achieved quantitative results.

When it comes to the achievement of goals determined as part of the personal performance assessment, the focus is in particular on sustainable business development and the protection of the Company and the funds from excessive risks (including sustainability risks). Above all, no incentives to take excessive risks (including sustainability risks) should be created. The aim of the remuneration system should be the controllability of the operational risk components of the Company and the funds, combined with an increase in efficiency as well as work and product quality through clearly structured processes, automation and defined responsibilities. In particular, the variable remuneration elements are not linked to the performance of the investment funds managed by Universal-Investment-Luxembourg.

It is ensured that the fixed and variable remuneration components are appropriate and balanced. The share of the fixed component in the total remuneration is sufficiently high that flexible bonus payment is guaranteed, including the option of not paying variable remuneration.

The Management Board and the Supervisory Board have a final right to decide on the allocation of variable remuneration. The members of the Management Board and the Supervisory board of Universal-Investment can be found on Universal Investment website. In addition to the above-mentioned remuneration elements, employees of Universal-Investment-Luxembourg may receive voluntary employer benefits (e.g. meal vouchers, childcare allowance) or special payments that may be justified.

On an annual basis, Risk Controlling and Compliance departments outline a list of identified staff. Those employees who can exert a decisive influence on the risk and business policy of Universal-Investment-Luxembourg and its funds are identified as identified staff. The UIL Management Board evaluates annually the review conducted by the control functions on the Identified Staff and Risk Takers and decides on the final list of Risk Takers. Specific rules apply to this category of staff in regard to pay out rules for bonuses. Yet these specifications can be deviated from individual cases as part of the examination of individual proportionality. This is generally the case if the variable remuneration component is less than EUR 50.000. In this case, the whole amount of variable remuneration is paid immediately and in full in cash. In any case, the variable remuneration can amount to a maximum of 200% of the annual base salary.

The following variable compensation pays out rules generally apply to identified staff: deferral, compensation in the form of instruments, ex-post risk adjustment mechanism, clawback. The variable remuneration is paid out over a period of several years in order to ensure that the payment of the remuneration is based on the long-term performance of the managed investment funds and their investment risks. The variable remuneration for all identified staff - provided it exceeds a certain exemption limit - is paid out in arrears over several years. For these employees, at least 40 percent of the variable remuneration must be deferred for a minimum three-year period. During this period, the deferred portion of the remuneration is risk-dependent, and also dependent on questions of sustainability, i.e. it may be reduced if the employee or Universal-Investment-Luxembourg makes negative profit contributions (penalty test). At the end of the waiting period, the deferred remuneration portion becomes proportionally vested and is paid out on the respective payment deadline.

Contact

T +352 261502-1

[info@universal-investment.com](mailto:info@universal-investment.com)

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
6776 Grevenmacher - Luxembourg