

Antwort.

Antwort Capital S.A.

AIFM Remuneration Policy

July 2024

Version	Owner	Ex-Co date approval	BoD date approval
1.0	Compliance department		

Table of Contents

1	Glossary	3
2	Background	5
3	Governance arrangements	5
3.1	Implementation and review	5
3.2	Distribution, approval, and disclosure	6
3.2.1	Internal disclosure	6
3.2.2	CSSF disclosure	6
3.2.3	Public disclosure	6
3.3	Roles of the involved bodies	6
3.3.1	Duties of the AIFM's Board of Directors	6
3.3.2	Duties of the AIFM's Senior Management	7
3.3.3	Duties of the competent corporate functions	7
4	General principles	8
4.1	Main pillars	8
4.1.1	Proportionality	8
4.1.2	Sound and effective risk management	8
4.1.3	Avoidance of conflict of interest	9
4.1.4	Competitive and attractive remuneration	9
4.1.5	Alignment between performance and remuneration	9
4.2	Staff categories	9
4.2.1	Identified Staff	9
4.3	Structure of remuneration	10
5	Fixed remuneration	11
6	Variable remuneration	12
6.1	General aspects	12
6.1.1	Definition	12
6.1.2	Performance measurement	12
6.2	Rules applicable to Senior Managers and other identified staff members	12
6.2.1	General principles	12
6.2.2	Determination of the variable remuneration for members of the internal control functions	13
6.2.3	Appraisal of the Variable Remuneration	13
6.2.4	Incompatibility with personal hedging strategies or avoidance mechanisms	14
6.3	Payment rules	14
6.3.1	Continuity requirement	14
6.3.2	Payment deferral	14
6.3.3	Reduction of the Variable Remuneration	14
6.3.4	Reduction scenarios ("malus")	15
6.3.5	Clawback scenarios	16
6.3.6	Early termination	16
	Appendix A: Applicable regulations	17

1 Glossary

Term	Description
AIF(s) or Funds	An alternative investment fund managed by the AIFM
AIFM	Antwort Capital SA, a public limited company qualifying and authorized by the CSSF as an alternative investment fund manager under the AIFM Law
AIFM Law	The Luxembourg law of 12 July 2013 on alternative investment fund managers, as amended from time to time
AIFMD	Directive 2011/61/EU on alternative investment fund managers
Board	Board of Directors of the AIFM
Company Law	Luxembourg law of 10 August 1915 on commercial companies, as amended
Compliance - CO	The conducting officer of the AIFM responsible for its compliance function
Conflict of Interest Policy	The conflict of interest policy of the AIFM
CRR	Regulation (EU) No 575/2013, as amended
CSSF	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg financial supervisory authority of the financial sector
CSSF Circular	The CSSF Circular 18/698 issued by the CSSF on 23 August 2018 regarding authorisation and organisation of Luxembourg investment fund managers
Directors	Duly appointed members of the Board
Delegate	Any entity providing services to the AIFM based on a delegation model as defined under the AIFM Law
ESMA Guidelines	ESMA Guidelines on sound remuneration policies under the AIFMD
Investor(s)	Individual unitholder/shareholder/interest holder or group of unitholders/shareholders/interest holders in an AIF managed by the AIFM
Identified Staff	As defined in section II of the ESMA Guidelines
Regulation	refers to all the rules set out in the laws and regulations mentioned in the Appendix A
Remuneration	refers to either Fixed Remuneration or Variable Remuneration (see below); it may include monetary payments or benefits (such as cash, shares, options, loans to staff members, pension contributions, remuneration by the Funds (through performance fees, transfer of units, or any payment for the benefit of an employee for professional services rendered) or non (directly) monetary benefits (such as discounts, fringe benefits or special allowances for car, mobile phone, etc.), as per the definition of Articles 10-12 of the ESMA Guidelines.

Remuneration Policy	The remuneration policy of the AIFM defining and describing the principles and practices that concern the remuneration of all Staff members
Risk Management Policy	The risk management policy of the AIFM
Senior Management or Senior Managers	The conducting officers of the AIFM
Staff	All natural persons who serve the AIFM, in conducting transactions or activities, as applicable, including Identified Staff, in particular, on the basis of an employment agreement

2 Background

Antwort Capital SA (hereafter “Antwort” or the “AIFM”) is authorized and supervised by the *Commission de Surveillance du Secteur Financier* (the “CSSF”) under the AIFM Law and established under the form of a public limited company (*société anonyme*).

The AIFM has developed the present Remuneration Policy (hereinafter the “Policy”) in order to define and describe the principles and practices that concern the remuneration of all Staff members.

In this regard, the notion of “remuneration” encompasses all forms of payments, monetary or monetarily measurable ancillary benefits (e.g. contractually agreed benefits such as relocation allowances, housing support, education allowances, company car, health insurance, etc. as well as other benefits) of any kind, amounts paid by the AIFs directly (e.g. carried interest) and any transfers of units or shares of the AIF that the Staff members receive for the performance of their professional duties.

The overall philosophy of the Remuneration Policy is to promote sound and effective risk management, as well as a long-term perspective, and to discourage excessive risk-taking by the AIFM’s employees. In particular, consideration has been given to the business strategy, objectives, values and interests of the AIFM and the Funds and those of the investors in such Funds, in accordance with the Conflicts of Interest Policy. The general principles and provisions set out by the Policy shall prevail over all existing principles and rules set by other documents.

Accordingly, this Policy main purposes are the following:

- Setting out the principles governing the remuneration and incentive process of Staff members, and their alignment with the AIFM risk-strategy and long-term interests;
- Describing the related mechanisms, the organizational and governance related arrangements;
- Ensuring that the remuneration is in line with the applicable laws and regulations (see in Appendix A of this Policy).

The Remuneration Committee together with Internal Audit and Compliance function will control the Remuneration Policy.

3 Governance arrangements

3.1 Implementation and review

The AIFM’s Board of Directors is the owner of the present Policy. It decides on its design, adopts it, defines the general applicable principles, and oversees its implementation. The Board of Director is responsible for the regular review of the remuneration Policy, at least annually, with the assistance of the internal control functions.

The close involvement of the control functions and the Board in the design and implementation of the Policy, as well as the annual review performed by internal audit, provide sufficient safeguards regarding the independence of the decision-making process governing the Policy.

The Remuneration Committee’s functions are assumed by the Board of Directors

3.2 Distribution, approval, and disclosure

In addition, this Policy must be approved by the AIFM's Board of Directors within the scope of its statutory authority to approve Antwort's general policies and strategies, and, in particular, the Risk Management Policy. The AIFM's Senior Management shall promote the dissemination and implementation of the Policy, ensuring that it is observed, understood and fulfilled and that it is implemented, evaluated and reviewed. It shall also ensure that there are efficient information systems that confirm the members of staff to whom the Policy is applicable are aware of their duties in relation to compliance therewith.

3.2.1 Internal disclosure

This Policy shall be internally disclosed to and accessible for all staff at all times. Confidential aspects of the remuneration of single staff members are not subject to internal transparency.

Antwort's Staff must be informed about the characteristics of their variable remuneration, as well as the process and criteria that will be used to assess the impact of their professional activities on the risk profile of the institution and their variable remuneration. In particular, the appraisal process with regard to the individual's performance should be properly documented and should be transparent to the staff concerned.

3.2.2 CSSF disclosure

The AIFM shall make immediately available to the CSSF any information requested by the latter in relation to the matters contemplated in the present Policy, and in particular, the aggregate quantitative information on remuneration, broken down by:

- business area;
- senior management and members of staff whose actions have a material impact on the risk profile of the institution.

3.2.3 Public disclosure

In accordance with the Compliance with regulatory guidelines related to external disclosure of remuneration practices is accomplished through notification on the Antwort's website as to the availability of information related to this Policy.

3.3 Roles of the involved bodies

3.3.1 Duties of the AIFM's Board of Directors

Antwort's Board of Directors will be responsible within the AIFM for the following tasks:

- adopting and maintaining the remuneration Policy and overseeing its implementation to ensure it functions entirely as planned;
- approving any exemptions in relation to individual staff members from the principles laid down in this Policy;
- approving any changes to this Policy;
- ensuring that this Policy is appropriately implemented, aligned and consistent with the AIFM overall corporate governance framework, corporate and risk culture, risk appetite and the related governance process;

- ensuring that this Policy promotes sound and effective risk management;
- assessing the safeguards in place to ensure that the remuneration principles are applied by Antwort in line with the AIFM's risk and capital adequacy;
- ensuring that the Policy is in line with the AIFM's risk management and business strategy, corporate culture and values;
- ensuring that when delegating portfolio management or risk management activities, the entities to which these activities are delegated meet the remuneration rules and requirements as defined in the ESMA Guidelines;
- ensuring that the Policy serves the AIFM's long-term interest and the sustainability of results over time;
- the functions corresponding to the Remuneration Committee according to the applicable regulation are assumed by the Board of Directors. Therefore, it directly oversees "the remuneration of the senior officers in the independent control functions, including the risk management and compliance functions". It also determines and oversees the remuneration of the Senior Management;
- where decision-making power falls within the responsibility of Antwort's shareholder, the AIFM's Board of Directors shall send when applicable the proposed resolutions, accompanied by the necessary reports;
- assessing whether performance targets have been reached and adjustment of risk levels where necessary, including the application of malus and clawback arrangements;
- implement regular reviews applying different stress scenarios to assess the impact and the resilience of the principles laid down in this Policy.

3.3.2 *Duties of the AIFM's Senior Management*

The AIFM's Senior Management is responsible for ensuring that the information necessary to enable the Board of Directors to efficiently fulfil its responsibilities is obtained and prepared. In this regard, the Senior Management shall work closely with the Board in order to ensure that this Policy is consistent and promotes sound and effective risk management.

The Senior Management shall also be involved in the identification of the members of staff whose professional activities have a material impact on the AIFM's risk profile. With a view to avoiding conflicts of interest, information on the remuneration of members of the Board of Directors, when applicable, and the members of the Senior Management, is reviewed directly by the Board of Directors.

3.3.3 *Duties of the competent corporate functions*

The AIFM Board should take into account the input provided by all competent corporate functions and bodies (control functions and finance), and business units about the design, implementation and oversight of the AIFM remuneration Policy.

Compliance: it analyses how this Policy affects the AIFM's compliance with legislation, regulations, internal policies and risk culture and should report all identified compliance risks and issues of non-compliance to the Senior Management and to the Board.

The findings of the compliance function should be taken into account by the Board during the approval, review procedures and oversight of the remuneration Policy.

It also handles conflict of interest that may rise from the application of this Policy.

Finance: it assists with and informs on the definition of suitable risk-adjusted performance measures (including ex post adjustments), as well as with assessing how the variable remuneration structure affects the risk profile and culture of the AIFM. The finance function should validate and assess risk adjustment data.

It also ensures that the total variable remuneration is still allowing Antwort to maintain or restore a sound capital adequacy in the long term, considering the interests of the AIFM sole shareholder, investors and other stakeholders.

Internal audit: The internal audit function of the AIFM shall be in charge of the regular independent review of the design, implementation and effects of this Policy on its risk profile and the way these effects are managed.

This internal evaluation, which shall be independent, should occur at least annually. The results of the internal review performed and actions taken to remedy any findings should be documented, either through written reports or through the minutes of the Board meeting, and made available to the Senior Management and corporate functions.

4 General principles

4.1 Main pillars

In accordance with the remuneration principles, the AIFM developed a framework of remuneration that is appropriate to its size, internal organisation and the nature, scope and the low complexity of its activities.

4.1.1 Proportionality

The proportionality principle aims to match the remuneration policies and practices with the individual risk profile, risk appetite, risk tolerance and the strategy of the AIFM, so that the objectives of the remuneration requirements are effectively achieved.

According to the AIFM's internal assessment and given its size, its internal organisation, the nature, the limited scope and the low complexity of its activities, the overall risk profile and risk-appetite of the AIFM, Antwort intends to rely on a proportional application of the regulatory requirements (See Appendix A), when establishing and implementing remuneration policies, which are, in any case, consistent with sound and effective risk management.

Based on the proportionality principle, Antwort would be eligible to set aside rules relating to the pay-out process of the part of the Variable Remuneration in financial instruments, retention and deferral, as regards ex post incorporation of risk for Variable Remuneration.

Based on its internal assessment in terms of size, internal organization and the nature, the scope and the complexity of its activity, the Board of Directors performs the duties of the "Remuneration Committee", as this latter has not been established at the AIFM.

4.1.2 Sound and effective risk management

The Remuneration Policy and related practices aim to protect the long-term interests of the AIFM, the Funds and their investors and all AIFM stakeholders. In this context, the Policy is consistent with the

Remuneration rules and promotes sound and effective risk management and which does not encourage excessive risk-taking (including sustainability risks).

4.1.3 Avoidance of conflict of interest

The Remuneration Policy incorporates measures to avoid conflicts of interest, as set out by the AIFM's Conflicts of Interests Policy. Antwort's employees, whose duties can entail material impact on the AIFM's or an AIF's risks, are not remunerated based on the performance of the funds under management.

4.1.4 Competitive and attractive remuneration

To ensure that the satisfaction and the protection of the AIFM's stakeholders remain at the heart of its philosophy, Antwort wishes to attract, retain and motivate highly qualified professionals in their respective domains. With this in mind, the AIFM offers remuneration packages that, while in line with market practices, do remain competitive and attractive.

4.1.5 Alignment between performance and remuneration

Variable remuneration methods, while being part of the standard compensation packages offered by the AIFM, are linked to effective performance and are subject to strict assessment rules that aim to prevent excessive risk-taking, the ultimate objective being to protect the long-term interests of the different stakeholders. In this context, the AIFM does not reward failure.

4.2 Staff categories

The Policy applies to all AIFM staff: Board Members, Senior Managers, identified staff, other staff members. These categories of Staff are all independent from each other. If one employee may fall within 2 categories, he/she will be deemed to be only fallen in the highest Staff category.

4.2.1 Identified Staff

Some staff members, other than Board members and Senior Managers, can also have a material impact on the AIFM's risk profile. It is in particular where such staff members have managerial responsibilities for material business units or for control functions because they can make strategic or other fundamental decisions that have an impact on the business activities or on the control framework applied ; or staff members with a significant remuneration.

Per its provisions, the process to identify members of the Identified Staff must be based on the qualitative and quantitative criteria contained therein.

For this purpose, Antwort defined criteria of materiality:

- The employee can make decisions that could have an economic impact above 5% of the AIFM own funds and/or the Funds/ Antwort business activity;
- The employee can negotiate agreements in terms of fees and services which an economic impact above 5% of the AIFM own funds and/or the Fund/ Antwort business activity;
- The employee can take decisions in terms of hiring or firing the employees;

- The employee can propose or accept new client relationship with an economic impact above 5% own funds and/or the Funds/ Antwort business activity;
- The Head of Asset Management (if appointed one) is considered a risk taker with material impact;
- The employee whose total remuneration falls into the remuneration bracket of Senior Managers and who has a material impact on the risk profile of the AIFM, the Funds or Antwort business activity.

Moreover, the AIFM must keep a record of the assessment performed and the personnel whose professional activities have been identified as activities with a material impact on their risk profile, in order to enable the competent authority and auditors to review the assessment. The documentation must include the persons identified per the quantitative criteria of this regulation, but whose professional activities are not considered to have a material impact on Antwort's risk profile.

Having performed and documented the above assessment as provided for in the Regulation and other applicable legislation, the AIFM governing bodies (Senior Management and Board) must define the list of Identified Staff members for the relevant year, who will be subject to the Remuneration Policy.

Finally, professionals who cease to hold positions included within the Identified Staff prior to year-end shall be subject to this Policy in the appropriate proportion based on complete months. Similarly, professionals who assume positions within the Identified Staff as from 1 January each year shall be subject to the Remuneration Policy proportionately, based on complete months, for the time elapsed from their incorporation until the end of the year.

4.3 Structure of remuneration

The Remuneration of Staff shall be designed in line with the criteria set out in this Policy and taking into account the respective responsibilities of the relevant Staff, as well as with the overall situation of the AIFM.

The remuneration structure is based on different components with the objective of:

- ensuring that the fixed and variable remuneration components remain balanced over time (pay mix);
- implementing a flexible approach to remuneration; and
- rewarding performances based on the AIFM role without inducing risky or short-termism behaviour.

The remuneration structure therefore consists of:

- **Fixed Remuneration:** this reflects the Staff member's technical, professional (experience) and managerial capabilities, so as his/her respective organisational responsibilities. It is determined on an annual basis and takes into account any collective bargaining regulations that may be applicable and market practice;

Remuneration is fixed where the conditions for its award and its amount:

- are based on predetermined criteria;
- are non-discretionary reflecting the level of professional experience and seniority of staff;
- are transparent with respect to the individual amount awarded to the individual staff member;

- are permanent, i.e. maintained over a period tied to the specific role and organisational responsibilities;
 - are non-revocable; the permanent amount is only changed via collective bargaining or following renegotiation in line with national criteria on wage setting;
 - cannot be reduced, suspended or cancelled by the AIFM;
 - do not provide incentives for risk assumption; and
 - do not depend on performance.
 - Annual base salary which is paid monthly in 12 instalments.
- **Variable Remuneration:** this acknowledges and seeks to reward previously goals assigned objectives and results achieved. It is paid in accordance with the provisions set forth in this Policy and takes the form of bonuses or incentives. It is also linked to prudent risk management and takes into account a performance assessment. This Variable Remuneration should reflect sustainable and risk-adjusted performance.

The AIFM shall not reward its Staff individually with Variable Remuneration based on individual financial performance, profitability, or on any other forms that may encourage risk-taking behaviour and shall set up measures to avoid conflicts of interest. Equally, the AIFM shall not establish any financial objective in whatever form to be achieved by any member of Staff or Identified Staff that may encourage risk-taking behaviour. The Variable Remuneration is thus not a function of mere financial performance.

Variable Remuneration components are not guaranteed, and its components can be zero. Staff members shall not receive any type of guaranteed Variable Remuneration. Nonetheless, Antwort may, in exceptional circumstances, see fit to award such remuneration in connection with the hiring of new Staff. In any case, such variable remuneration only applies to the first year of the contract.

5 Fixed remuneration

The fixed remuneration must essentially reflect the relevant professional experience and responsibility in the organization, as set out in the job description as part of the employment terms.

Subject to the maintenance of a sound capital base, Antwort's intention is that Fixed Remuneration should be in market median ranges for a position with a comparable profile (knowledge, abilities, attitudes, responsibility, experience and contribution) in other financial entities. Any increase set out by law, collective agreement or other agreement will be offset within the existing Fixed Remuneration.

The component of the Fixed Remuneration shall be a base-salary consisting in a fixed amount of cash paid on a monthly basis, before the end of each month for which it is due.

The base salary shall reflect each individual Staff member's particular set of skills, function, organisational responsibility and relevant professional experience.

The amount shall be determined for a reference period of one year. Specific adjustments may be made to the base salary during a business year in case of a change of function, promotion or the granting of additional responsibilities.

6 Variable remuneration

6.1 General aspects

6.1.1 Definition

Variable Remuneration is defined as “all remuneration that is not fixed”. It shall take exclusively the form of a cash bonus and shall be paid out in the following calendar year. It shall never take the form of discretionary pension benefits.

The overall Variable Remuneration granted must be in line with the business strategy, objectives, values and long-term interests of the AIFM, and is consistent with a sound and effective risk management, does not encourage risk-taking that exceeds the level of tolerated risk of the AIFM and incorporates measures to avoid conflicts of interest. Variable Remuneration is not paid through vehicles or methods that facilitate non-compliance with the AIFM Law and their respective implementing measures.

Where variable remuneration is results-based, its total amount should be based on an assessment that combines the results of the individual, assessed according to financial and non-financial criteria, the relevant business unit, and the overall results of the AIFM.

The possible individual Variable Remuneration is, generally, based on an annual assessment of performance for each Staff member and determined in light of the perception of the efforts it has put in discharging of his/her responsibilities, the dedication to the fulfilment of the business strategy at the level of his/her responsibilities and success in carrying out specific assignments, in the course of the year but also taking into account performance of the same over the previous 3 years.

6.1.2 Performance measurement

The decision of providing a variable remuneration to any Employee will be based on the performance measurement results, which shall first consider Antwort overall results, and then, the achievement of individuals goals.

Both quantitative (financial) and qualitative (non-financial) criteria are used in order to measure performance and assess individual results. The right combination of quantitative and qualitative criteria depends on the functions and responsibilities of each Staff member (also depending on the category they fall within). In all cases, the qualitative and quantitative criteria and the balance between them for each level and category must be specified and clearly documented.

In this regard, the Compliance Function has developed a tool that allows it to assess if the individual goals have been achieved. This tool shall be lodged in the Compliance Folder on Antwort Server. The Senior management shall be informed when it has been updated and when they can access it. For confidentiality purposes, this tool or its outcome shall not be shared by email.

6.2 Rules applicable to Senior Managers and other identified staff members

6.2.1 General principles

As a principle, the Variable Remuneration shall not exceed 100% of the Fixed Remuneration.

With the aim of striking a reasonable and prudent balance between fixed and variable remuneration components, the amount of Fixed Remuneration in the AIFM is sufficient and the percentage of Variable Remuneration as compared to fixed annual remuneration is generally relatively small. Accordingly, bonus-based Variable Remuneration is established in advance by the AIFM for each of the different salary bands within each function.

The remuneration of professionals responsible for independent control functions must be predominantly fixed to reflect the nature of their responsibilities. Where such professionals receive variable remuneration, it must be determined separately from the business units that they control and from the results deriving from the business decisions (e.g. approval of new products) in which such professionals are involved.

6.2.2 Determination of the variable remuneration for members of the internal control functions

The amount of Variable Remuneration of Internal Control Functions is never linked to the performance of the business units they oversee but to the carrying of their specific responsibilities so as to avoid conflicts of interests.

Members exercising control functions must be remunerated according to the attainment of objectives related to their functions, independent of the performance of the business areas they control.

In any case, the Remuneration of Identified Staff belonging to Internal Control Functions shall be predominantly fixed in order to guarantee their objectivity and independence.

6.2.3 *Appraisal of the Variable Remuneration*

The approach is based on individual performance (qualitative criteria) for one year and is then confronted to a performance period of 3 years insofar as possible (Short-term approach).

The Board of Directors and the Shareholder shall further take into account potential adverse developments in the future for the purpose of their appraisal (e.g. current and potential risks, expected losses, stressed conditions associated with the AIFM's activities, etc...).

The manner in which the aforementioned criteria affected the appraisal made by the Board of Directors and the Shareholder should also be duly documented.

The adequacy of the aforementioned criteria shall be regularly reviewed by the Board of Directors. For that purpose, the Board of Directors shall consult the control functions and, where relevant, take into account the comments and/or recommendations provided by the latter in relation to such criteria.

The assessment of individual performance for Identified Staff shall then be measured annually, on the basis of qualitative and quantitative criteria. In that respect, the following specific criteria and weighting shall apply:

Weight Criteria

- 65% achievement of individual goals;
- 15% success in carrying out strategies and policies;
- 10% compliance with legal and regulatory requirements, and internal governance;
- 10% teamwork;

Total: 100%

Weightings shall be applied equally to all Identified Staff. The overall achievement (sum of single achievements) is capped at 100%.

The result of such individual appraisals (including the detailed manner in which such a result was obtained) should be duly documented and be made available to the relevant Identified Staff upon request.

6.2.4 Incompatibility with personal hedging strategies or avoidance mechanisms

In accordance with the ESMA Guidelines, the professionals from the Identified Staff undertake to refrain from making use of any personal hedging or insurance strategies in relation to the remuneration that may prove detrimental to the effects of alignment with the healthy risk management underpinning the remuneration systems.

Moreover, the AIFM shall not pay the variable remuneration in the form of instruments or methods that seek to ensure or effectively result in a failure to meet the remuneration requirements of the Identified Staff.

6.3 Payment rules

6.3.1 Continuity requirement

Without prejudice of expressly agreed exceptions, in the event of the holding in abeyance or termination of an employment contract of any employee participating in a Variable Remuneration plan, payment of the Variable Remuneration shall be subject to a general criterion whereby participants who leave the entity before the end of the year shall lose all their vested rights under the programme. However, if the employee leaves the following year, but before the envisaged bonus is paid in the first quarter of that year, the bonus may be paid, upon Antwort's documented decision, having regard to the degree to which the challenges in question are attained and the provisions of this Policy.

6.3.2 Payment deferral

A substantial portion (and at all times no less than 40% of the Variable Remuneration must be deferred, for Senior management and the Identified Staff, over a period of between three and five years at least, and must be duly tailored to the nature of the businesses, their risks and the activities of the relevant Identified Staff member. In the case of particularly high Variable Remuneration, the minimum threshold stands at 60%.

6.3.3 Reduction of the Variable Remuneration

The Variable Remuneration, including the deferred portion, shall only be paid or become vested where it proves sustainable in light of the financial situation of the AIFM as a whole, and where it can be justified in light of the results of the AIFM, the business unit and the person in question.

Notwithstanding the application of the general principles of contractual and employment law, the total variable remuneration shall be reduced considerably where the AIFM underperforms financially or makes a loss, factoring in both current remuneration and reductions in pay-outs of amounts previously earned, in the form of mechanisms to reduce remuneration (malus) or claw back remuneration already paid, which may affect up to 100 % of the total Variable Remuneration.

Antwort sets specific criteria for the application of malus and clawback. Such criteria shall in particular cover situations where the staff member:

- participated in or was responsible for conduct which resulted in significant losses to the AIFM;
- failed to meet appropriate standards of fitness and propriety;
- evidence of misconduct or serious error by the Identified Staff member (e.g. breach of code of conduct and other internal rules, especially concerning risks);
- any regulatory sanctions where the conduct of the Identified Staff member contributed to the sanction.

6.3.4 Reduction scenarios (“malus”)

In line with the foregoing, the amount of Variable Remuneration to which the persons included in the Identified Staff are entitled, including any amounts pending payment, whether in cash or in the form of instruments, shall be reduced, in whole or in part, in the event that the AIFM underperforms financially or in the event of exposure generated by the relevant person.

To this end, the AIFM must compare the performance evaluation with the subsequent conduct of the variables contributing to the targets to be met.

The scenarios triggering a reduction to the Variable Remuneration are as follows:

- Significant failures in the risk management of the AIFM, or by a business or risk control unit, including the existence of any qualifications in the external auditor's audit report;
- Legislative penalties or convictions for events that may be attributed to the unit or the professional responsible for such events;
- The breach of legislation or the entity's internal codes of conduct;
- Irregular conduct, at an individual or collective level, with particular regard to the negative effects derived from the commercialisation of inappropriate products and the responsibility of the persons or bodies that made such decisions;
- Justified disciplinary dismissal or, in the case of contracts of a commercial nature due to just cause at the instance of the entity (in the case, the reduction shall be total);
- Where the remuneration cannot be paid or become vested given the financial situation of the AIFM in light of the performance of the AIFM or the business unit or person in question;
- Any such other additional scenarios as may be expressly provided for in the related contracts;
- Any such other scenarios as may be established by the applicable legislation or by the regulatory authorities in the exercise of their executive, regulatory or interpretative powers.

6.3.5 *Clawback scenarios*

In cases where the grounds have arisen at any moment prior to a payment already made of any amount of Variable Remuneration, meaning that such payment would not have been made, in whole or in part, had such circumstance been taken into account, the professional concerned must repay to the AIFM the part of the Variable Remuneration unduly received, together with any such income as may have been paid. Such repayment shall be made in cash or in instruments, as applicable.

In particular, scenarios in which the professional concerned has contributed significantly to financial underperformance or losses, or in cases of fraud or other wilful misconduct or seriously negligent conduct giving rise to significant losses, shall be deemed particularly serious.

6.3.6 *Early termination*

The payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

Generally speaking, the obligations regarding severance for termination of employment by the AIFM are subject to the applicable legislation. As such, in the case of ordinary employment contracts of staff members, labour law provides for specific severance to be paid in the scenarios and subject to the minimum, mandatory and restricted amounts provided for therein.

If severance payments are awarded to the Identified Staff, it shall be considered as variable remuneration, unless they fall into the exceptions of the ESMA guidelines.

Ordinary payments relating to the duration of the applicable advance notice periods shall not be deemed to constitute severance payments.

Appendix A: Applicable regulations

The Policy is designed with a view to comply with the requirements set out in the following laws and regulations (together the “Remuneration Rules”):

European Regulations and Directives

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (“CRR”);
- 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;
- ESMA Guidelines on sound remuneration policies under the AIFMD; ESMA 2016/579, 10 October 2016;
- ESMA, Guidelines on remuneration policies and practices (MiFID), ESMA/2013/606, 14 October 2013;
- Directive 2011/61/EU on alternative investment fund managers;
- The Luxembourg law of 12 July 2013 on alternative investment fund managers;
- EU Commission Delegated Regulation (EU) No 231/2013;

CSSF Circular

- CSSF, Circular 10/437 on guidelines concerning the remuneration policies in the financial sector;
- CSSF, Circular 14/585 on guidelines on remuneration policies and practices (MiFID);
- CSSF Circular 18/698, applicable to investment fund managers and entities carrying out the activity of registrar agent (the “CSSF Circular 18/698”);