ERSEL GESTION INTERNATIONALE

Ersel Gestion Internationale S.A.

Remuneration Policy

The present Remuneration Policy (hereafter "the Policy") applies to Ersel Gestion Internationale S.A. (hereafter "EGI" or the "Company") including the London Branch (hereafter the "Branch"). The policy has been established in line with all applicable regulations including the Luxembourg law of the 10 May, 2016 transposing the EU Directive 2014/91/EU (UCITS V) and amending the Luxembourg law of 17 December, 2010, as well as the Luxembourg law of 12 July, 2013 transposing the EU Directive 2011/61/EU (AIFMD) into national law and the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")

(For Internal Use Only)

10.3.2021

Internal Procedure

10.3.21	Remuneration Policy	Version: 5

Process Owner:	**The Conducting Officer in charge of Human Resources – Henri Ninove**
Department(s) impacted:	**All**

Function/Role/ Department	Reviewed by	Validated by	Date of approval/communication by/to the Board
Henri Ninove	- Conducting Officer Committee - Deloitte	The process owner ____________ Henri Ninove	21.10.2016
Henri Ninove	No review by others than the Conducting Officer in charge was necessary as the update was menial and made under his responsibility	The process owner ____________ Henri Ninove	15.12.2017
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Henri Ninove	The Executive Committee	The process owner ____________ Henri Ninove	10.3.2021 through a resolution circulaire

Change Mechanism

- Any requirement for change must be addressed to the Process Owner.
- For documents with draft status, the authors may make changes.
- For documents with controlled status (= signed off by the Conducting Officer in charge of Procedures), changes must be approved by him.
- Review of this document is done at least on a yearly basis by the Process Owner and signed-off by the Conducting Officer in charge of Procedures.
- In order to speed up updates of the procedures, the process owner, in agreement with the ExCom and the Conducting Officer in charge of the Procedures, may make alone minor changes provided they are beneficial to the clients/investors/ the ManCo. He may make purely formal changes without further reporting neither to the Board nor to ExCom.

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1. Definitions

Subject	**Definition**
Remuneration	Total compensation (i.e. including both fixed and variable components) paid to staff in exchange for performed services.
Fixed Remuneration	Fixed cash reward (salary and benefits) paid to staff on a monthly basis.
Variable Remuneration (or "bonus")	Non-fixed cash reward paid to staff that is contingent on both collective and individual performance and results achieved.
Remuneration bracket	The range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.
Instruments	Units or shares of the UCITS and AIFs managed or equivalent ownership interests, subject to the legal structure of the funds concerned and their rules or instruments of incorporation, share-linked instruments or equivalent non-cash instruments.
Malus	An arrangement that allows the fund manager to prevent vesting of all or part of deferred remuneration based on risk outcome or performance of the fund manager as a whole, the business unit, the UCITS/ AIF and the staff member. Malus is a form of ex-post risk adjustment.
Clawback	A contractual agreement in which the staff member agrees to return ownership of an amount of remuneration to the fund manager under certain circumstances. This can be applied to both upfront and deferred variable remuneration. When related to risk outcomes, clawback is a form of ex-post risk adjustment.
Retention period	A period of time during which variable remuneration that has been already vested and paid out in the form of instruments cannot be sold.
Accrual period	A period during which the performance of the staff member is assessed and measured for the purposes of determining its remuneration.
Vesting point	An amount of remuneration vests when the staff member receives payment and becomes the legal owner of the remuneration. Once the remuneration vests, no explicit ex-post adjustments can occur apart from clawback clauses.
Deferral period	The period of time between the award and the vesting of the variable remuneration during which staff is not the legal owner of the remuneration awarded.
ExCom	Executive Committee
Staff	All employees of the Company and its branches, including branches not subject to UCITS/AIFMD requirements and all members of their respective management bodies.
Identified Staff	Staff whose professional activities have a material impact on the Company's risk profile.

2. Purpose of this Policy, Ersel Group Remuneration Policy

The present Remuneration Policy (hereafter "**the Policy**") of Ersel Gestion Internationale S.A. (hereafter "EGI" or the "Company") has been prepared to regulate EGI remunerations in compliance with applicable regulations (*see § 3 legal framework below*) governing the asset management industry, hence the Alternative Investment Fund Managers Directive (hereafter "AIFMD") and the Undertakings for Collective Investment in Transferable Securities Directive V (hereafter "UCITS V"), taking into account particular guidance provided by the European Securities and Markets Authority (hereafter "ESMA") in regards to the sectoral rules.

In addition, **Ersel Group** has a remuneration policy for the parent company and the Ersel Group companies, "**the Ersel Group Remuneration Policy**". This policy takes into account legal requirements as defined under the Capital Requirements Directive IV (hereafter "CRD IV").

In case of dual application to the same staff of both the Ersel Group Remuneration Policy and EGI Remuneration Policy, **the most restrictive rules will apply**.

This Policy is in line with Ersel Group and EGI ESG principles and with ESG risk assessment approach as described in Ersel Group ESG Policy. To this end, this Policy Provides e Company aims to introduce mechanisms for determining the variable component of remuneration that take into account the ESG risks integration policies which the Company has adopted

The Conducting Officer in charge of Human Resources reviews once a year the Remuneration Policy and its application. He then makes a report to the Board who approves changes to the Policy, if any.

Practical methodology to calculate bonuses in compliance with the present Policy are defined in ***EGI Variable Remuneration Calculation IO Procedure.***

This Policy is in line with Ersel Group and EGI ESG principles and with ESG risk assessment approach as described in Ersel Group ESG Policy. To this end, this Policy provides that, in order to determine the Variable Remuneration EGI uses adequate mechanisms that take into account the Ersel Group and EGI ESG principles and ESG risk assessment approach.

3. Legal Framework

The present Policy applies to EGI including the London Office.

The policy has been established in line with (i) Group defined principles and (ii) in line with the Luxembourg law of 10 May, 2016 transposing the EU Directive 2014/91/EU (UCITS V) and amending the Luxembourg law of 17 December, 2010, as well as the Luxembourg law of 12 July, 2013 transposing the EU Directive 2011/61/EU (AIFMD) into national law.

The Policy complies with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and on the prudential supervision of credit institutions and investment firms. It also complies with Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU.

The Policy also takes into account specific guidance provided by the European Securities and Markets Authority (ESMA) on (i) sound remuneration policies under the AIFMD (ESMA/2013/232) and (ii) sound remuneration policies under the UCITS Directive and AIFMD (ESMA/2016/411). As to ensure (i) alignment with the Group remuneration guidance and (ii) with regulatory requirements specific to EGI's activity, the Company takes into account specific guidance provided by the ESMA in particular regarding guidance on sectoral rules.

In addition, the Policy applies the EU Commission recommendation, 2009/384/EC on remuneration policies in the financial services sector.

Furthermore, the Policy is compliant with the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

The Policy also takes into account the following national legal requirements:

- Article 20 of the law of 10 May, 2016, and Article 12 of the law of 12 July, 2013, on the requirement to write a remuneration policy for UCITS and AIFMD;
- Article 21 of the law of 10 May, 2016, specifying remuneration policy principles;
- Article 20, of the law of 12 July, 2013, on disclosure requirements as to remuneration principles and practices;
- Annex II, of the law of 12 July, 2013.

For the Identification of Material Risk Takers, the Policy takes into account the European Regulation, (EU) No 604/2014 on regulatory technical standards for the qualitative and appropriate quantitative criteria used to identify the categories of staff whose professional activities have a material impact on an institution's risk profile.

4. Purpose and principles

The Policy defines general remuneration principles applicable to all EGI including London Branch staff. However, specific provisions are applicable to the Identified Staff.

The present Policy aims at aligning EGI remuneration principles with the legal framework specific to EGI core activity. EGI will apply remuneration principles in a way to best reflect its activity, as to cover specific local needs, in line with local legal regulatory requirements.

The purpose of the Policy is to set up a remuneration regime compatible with the business strategy, goals, values, long-term interests of the Company. EGI promotes sound and effective remuneration principles and practices through a sound and efficient risk management, which intends to prevent an excessive risk taking by the members of the Company.

The Policy ensures an appropriate balance between the fixed and variable components of total remuneration, where the fixed component represents a sufficiently high proportion of the total remuneration in order to allow for a fully flexible policy on variable remuneration, *including the possibility to pay no variable remuneration*.

In order to ensure consistent and equitable variable remuneration in line with the strategic objectives of EGI, the determination of the total amount of variable remuneration will be based on the performance of the individual staff members and of the Company's overall results. When assessing individual performance, financial and non-financial criteria are taken into account.

The assessment of the performance will be set in a multi-year framework in order to ensure that the assessment process is based on longer term performance.

As a result, the total variable remuneration will not prevent EGI from *strengthening its capital base*. Moreover, the Policy aims at ensuring that practices and procedures are aligned with conflict of interest and conduct of business obligations and it takes into account *the best interests of the Company's clients*. The Policy thus enables sustainable and long-term value creation for shareholders.

The Policy is subject to annual review by the internal audit function. EGI Internal Auditor assesses regularly and independently whether the Company's actual remuneration is consistent with its remuneration policy and with the applicable legal framework.

5. Scope

The Policy applies to all EGI staff members (hereafter "**the Staff**"), with specific provisions on remuneration for Staff whose activity has a material impact on the risk profile of the Company (hereafter "**Material Risk Takers**" or **"MRT"** or "**Identified Staff**").

In line with ESMA guidelines, ESMA/2013/232, Section VII, and ESMA guidelines ESMA/2016/411, Section 7, on the application of the proportionality principle, the Policy has been established taking into account EGI's size, internal organisation as well as the nature, scope and complexity of its activities.

The proportionality principle aims to match remuneration policies and practices consistently with EGI risk profile, risk appetite and strategy, so that the objectives of the obligations are more efficiently achieved.

Under such circumstances, and in line with the proportionality principle, EGI choses to neutralize the following requirements:

- pay-out of part of the variable remuneration in instruments.
- A retention period.
- Deferral of part of the variable remuneration.
- Ex post incorporation of risk (including malus / clawback provision).
- set up of a Remuneration Committee.

Regardless of the neutralization of the above mentioned elements, through the application of the proportionality principle, the Company has set up remuneration principles promoting efficient risk management, preventing excessive risk taking and the maintenance of a sound capital base.

In order to justify the application of the proportionality principle EGI has conducted a self-assessment on four major dimensions:

1. EGI size, in terms of workforce and Assets under management;
2. EGI nature, scope and complexity of activities;
3. EGI measures to manage risks and align its own interests with the ones of its investors;
4. EGI internal organization and governance structure designed to promote sound and effective risk management, as well as effective business continuity, and to avoid any potential conflicts of interest.

The detailed self-assessment is described in ***Annex 1*** of the present Policy.

6. Identified Staff

6.1. Identification method

In order to identify the Material Risk Takers or Identified Staff (e.g. whose activity has a material impact on the risk profile of the Company), the Company uses qualitative and quantitative criteria as set out under Articles 3 and 4 of the (EU) 604/2014.

6.2. Identified Staff categories

EGI has identified the following persons as Material Risk Takers. However, certain receive only a fixed remuneration and are therefore not concerned by this policy while certain functions are outsourced. It is also noted that, given EGI small size, one person may perform 2 MRT functions (the Head of the London Office who is also a fund manager).

- **Directors of the Board.** The Directors are identified as having a material impact on EGI risk profile. *However, for the time being, they only perceive a fixed remuneration.*

- **Conducting Officers, including the General Manager and the Heads of the Luxembourg (if any) and London Offices**

- **Internal Auditor**. *However the function is currently being delegated to Deloitte Tax&Consulting SRl which is remunerated a fixed amount.*
- **Compliance Officer.** *However, for the time being, he only perceives a fix remuneration.*
- **AML Officer.** *This function is currently performed by the Compliance Officer who, for the time being, he only perceives a fiedx remuneration.*
- **Risk Manager** *For the time being, **t**he Risk Management function is exercised by the CO in charge of Risk Management. He exercises the Risk Management function together with a Risk Manager. The latter is still too junior to be included among Identified / Most Relevant Staff and is therefore out of scope of this Procedure.*

- **Fund managers,**
- **Individual wealth managers.**

Any other employee, if falling under the criteria set out under Articles 3 and 4 of the (EU) 604/2014, will be considered as Identified Staff. In particular, employees whose total remuneration takes them into the same remuneration bracket of Senior Management positions, such as high-earning staff members who are not already in the above categories and who have a material impact on the risk profile of EGI.

EGI may be assisted by officers detached from Ersel SIM / Ersel Asset Management, Turin. EGI does not define their salaries, neither the fixed portion nor the variable one. However, detached officers must be qualified or not as Identified Staff in accordance with this Policy. If they are qualified as Identified Staff, the Conducting Officer in charge of Human Resources must verify with their employers that they have Remuneration Policies in line with UCITS V.

EGI may also delegate certain functions which, if kept internal would have been qualified as MRT (Internal Audit function, fund management). In those cases, EGI must as well verify that those service providers have Remuneration Policies in line with UCITS V.

6.3. Determining who is an Identified Staff

The Conducting Officer in charge of Human Resources recommends to the Board every year, before the payment of the bonuses, the list of individual Identified Staff members defined in accordance with this Policy. The Board must approve the insertion of each staff in this list.

7. Remuneration

The present section describes remuneration principles and practices applicable to all staff members of EGI, as well as specific provisions applicable only to Identified Staff.

Employees of EGI will benefit from the following remuneration:

- fixed remuneration and benefits,
- variable remuneration

The Remuneration of Staff is structured in a way to align with EGI business strategy, long-term interests, underlying values of wealth preservation and sustainable growth, and does not exceed market standards for comparable Management Companies. The remuneration principles of the present Policy aim at ensuring a balance between fixed and variable remuneration to decrease any risk of excessive risk taking and are defined in a manner as to not limit the ability of the Company to strengthen its capital base.

7.1. Fixed Remuneration

7.1.1 Salary

The fixed remuneration is the portion of the total remuneration received in cash on a periodic basis. It remunerates the competences of the Staff and is guaranteed irrespective of their performance. It is defined on a contractual basis, based on (i) job complexity and responsibility, (ii) local market and industry standards and practices. The fixed remuneration shall be a substantial proportion of the total annual remuneration and sufficient not to create any kind of dependency of Staff on variable remuneration.

Each EGI employee is entitled to the gross annual salary initially set in his/her employment contract and may be amended by the indexation or subsequent salary increases, in remuneration for the work performed within the Company.

The gross annual salary is payable in 12 instalments corresponding to one instalment per month. The company reserves the right to deduct and retain any amount owed by an employee, and/or paid by the company on behalf of an employee and owed to the Company, subject to prior notice in writing given by the company to the employee.

The fixed remuneration of employees of the London branch follows the same principles that the ones described above, including possible specific features due to the local labor law.

7.1.2 Benefits

Introduction
EGI may offer fringe benefits to its staff according to market practice and in order to attract or keep its staff. Fringe benefits are not necessarily for the entire staff but may be designed for a specific category: Luxembourg or London staff, staff with salary below or above a certain amount, full time or part time staff… Normally, fringe benefits are not specific to an individual but to a category eventthough the category may include only one person (the “general manger”). EGI contributions are normal equal for all the staff in the relevant category (and, again, the category may include only one person. the “general manger”).

a. Complementary Health Insurance

Luxembourg
The full time employees of the Luxembourg office, including their family members benefit from a complementary health insurance, subscribed with DKV Luxembourg S.A.

London
EGI is offering to all its employees, as well as to their family members, based in London, a dental plan subscribed with BUPA.

b. Complementary Pension benefits

Luxembourg
EGI is offering to all its full time employees based in Luxembourg a complementary pension regime subscribed with laLux Assurance-vie.

London
EGI is offering to all its employees based in London, a complementary pension regime subscribed with Royal London.

c. Life Insurance

London
EGI is offering to all its employees based in London, a life insurance subscribed with Canada Life Group Insurance.

d. Tickets restaurant

Luxembourg
EGI is offering tickets restaurant to all its employees based in Luxembourg with an annual gross fixed remuneration below EUR 60,000.

e. Car in leasing
The General manager benefits of a car in leasing

7.2. Variable Remuneration

7.2.1 General Principles

- Variable Remuneration, unlike fixed remuneration, is a form of compensation linked to risk and therefore tied to performance measures on an individual basis as well as on a collective basis in accordance to predefined qualitative and quantitative objectives, including financial and non-financial criteria. The performance of EGI staff is set in a multi-year framework as to reflect the life cycle of the Company.
- Where applicable, Variable Remuneration take into account EGI staff consideration for Ersel Group and EGI ESG principles and with ESG risk assessment approach as described in Ersel Group ESG Policy.
- The Variable Remuneration of Control functions is linked to specific criteria for the functions and is irrelevant of the performance of the business units they oversee.
- The global amount allocated to the Variable Remuneration depends on EGI global performance. Furthermore, the variable remuneration does not limit EGI’s ability to sustainably maintain or recover an appropriate capital base. The overall allocation of variable remuneration is determined according to the prudential rules and takes into account the Company’s business strategy, long-term interests, underlying values of wealth preservation and sustainable growth.
- EGI ensures a balanced ratio between fixed and variable remuneration, where the fixed proportion represents a high enough proportion of the overall remuneration package as to prevent any excessive risk takings with the aim of increasing the variable component.
- **The total amount of the Variable Remuneration of any member of Staff of EGI may not exceed maximum of 100% of the fixed remuneration.**
- Should the individual performance be negative, the Variable Remuneration may amount to zero.
- Guaranteed Variable Remuneration is exceptional and is only allowed in connection with the hiring of very specific profiles such as a general manager.
- Staff does undertake not to use personal hedging strategies or other countermeasures (such as insurances) that confine or neutralize the risk alignment effects of their remuneration.
- Any pension policy is in line with the business strategy, objectives, values and long-term interests of the institution.
- There shall be no contractual severance entitlements which do not reflect actual performance

achieved by the relevant Staff before leaving EGI.

7.2.2. Performance Assessment

All staff members go through an annual evaluation process where their superiors evaluate their performances based on different criteria. Responsibles for assessment, assessment process are defined in ***EGI Variable Remuneration Calculation IO Procedure***

a. Individual staff – standard performance criteria

The performance criteria are 3:

1. *Individual Competences - Qualitative Objectives* (qualitative / non-financial). Individual Competences may be for example compliance with the internal rules and procedures and personal behavior, managerial skills, etc. If there are areas of improvements in individual competences. The staff will be given *Qualitative Objectives*. Individual competences encompass the aptitude of the staff to take into account Ersel Group and EGI ESG principles and Qualitative Objectives may, where applicable, include compliance and / or promotion of Ersel Group and EGI ESG principles and ESG risk assessment.

2. *Individual Operating Objectives.* These are non quantitative objectives which aim at implementing specific projects or at setting up / implementing new operating processes or improving them.

3. *Individual Quantitative Objectives.* Only certain functions may be assigned quantitative objectives, such as asset managers whose objective may be to beat a benchmark or the Risk manager who may aim at keeping investment limit breaches under a certain number during the year. EGI may provide that, when Objectives include compliance and / or promotion of ESG principles and ESG risk assessment, quantitative indicators are identified that allow the measurement of the achievement of such ESG Objectives.

b. Identified Staff versus other staff

- *Identified Staff:* the assessment of their performance takes into account performances in previous years in order to ensure that the assessment process is based on longer-term performance. Also the determination of their bonus is function of their achievements of each type of objective with specific weights (see ***EGI Variable Remuneration Calculation IO Procedure***).

- *Other staff members***:** they are assessed according to the criteria described above, as applicable to their job description and, if the assessment is positive, a bonus may be paid. Their bonus is function of the global positive assessment and does not have to be determined as is the bonus of the Identified Staff by balancing of the various criteria with specific weights.

7.2.3. Specific provisions for certain functions / outsourced functions

a. The General Manager and the Heads of the Luxembourg (if any) and London Offices.

As a matter of good governance and also to be in line with Group Remuneration Policy, the bonuses of the General Manager and the Heads of the Luxembourg (if any) and London Offices cannot be calculated on individual quantitative objectives (criteria 3 in § 7.2.2. above). As they work for the global interest of the Company and not just for one function, their bonus should instead take into account the global performance of the Company instead of criteria 3. The criteria 1 and 2 remain applicable. It is however noted that, given the small size of EGI, the General Manager and the Office Heads may exercise other functions (commercial, fund management…) which qualify them for bonuses based on quantitative criteria. In such case, see § c. below.

b. Staff in control functions

The Variable Remuneration may take into account some quantitative elements (number of tests conducted…) but **may in no way be linked to the performance of the business units they oversee**.

c. One Identified Staff with several MRT functions

Given the small size of EGI, it may occur that an officer exercises 2 or more MRT functions that are subject to different rules or that he exercises 1 NRT function and 1 that is not MRT. For example the General manager is also head of the commercial function which is not an MRT function or the Head of the London office is also a fund manager.

In those cases and out of fairness towards the staff, EGI accepts that 2 bonus are calculated, each in function of the specific criteria linked to each function.

d. Detached staff

EGI may be assisted by officers detached from Ersel SIM / Ersel Asset Management, Turin. EGI does not define their salaries, neither the fixed portion nor the variable one which are both defined by their Employer. However, detached officers must be qualified or not as Identified Staff in accordance with this Policy. If they are qualified as Identified Staff, the Conducting Officer in charge of Human Resources must verify with their Employer that it has a Remuneration Policy with requirements equivalent to UCITS V and AIFMD requirements.

e. Delegates, service providers

EGI may also delegate certain functions which, if kept internal would have been qualified as MRT (Internal Audit function, fund management). In those cases, EGI must as well verify that those service providers have Remuneration Policies with requirements equivalent to UCITS V and AIFMD requirements.

As of today, EGI considers that all service providers to whom fund management activities have been delegated have Remuneration Policies with requirements equivalent to UCITS V and AIFMD requirements, in particular for EU delegates. For the delegates in the USA, EGI considers remuneration practices and provisions under the DOT FRANC act as effective.

Should EGI delegate investment management activities to companies that have not Remuneration Policies with requirements equivalent to UCITS V and AIFMD requirements, EGI will ensure that EGI due diligence policy requires contractual arrangements with investment managers in order to ensure that there is no circumvention of the remuneration rules set out under European requirements. These contractual arrangements should cover any payment made to Identified Staff of the investment manager.

7.2.4. Defining the Variable Remuneration

a. Setting the Bonus envelope

The achievement of **Collective objectives,** hence the global performance of EGI, will define the envelope to be allocated for the distribution of variable remuneration to the employees. The achievement of Collective Objectives is reviewed and validated by the Group based on which an envelope to variable remuneration is defined.

Based on the envelope, the eligible bonus allocation will be defined, depending on individual achievements. The outcomes of the individual evaluation will give the employee a global performance rating which then will allow to define the bonus to be allocated to the employee.

b. Individual Bonuses

Individual bonuses are fixed in function of the 3 performance criteria defined in ***§ 7.2.2.*** above.

Practical methodology to calculate bonuses in compliance with the present Policy are defined in ***EGI Variable Remuneration Calculation IO Procedure.*** This procedure states, among other, the weight given to each of the 3 performance criteria when it comes to bonuses of identified Staff and the extent and method in which ESG factors are taken into account in the determination of the Variable Remuneration.

In respect to Identified Staff, it has been said above that the assessment of their performance takes into account performances in previous years. This approach is deemed appropriate as it gives weight on competences of a qualitative nature and to the individual objectives, containing among others financial criteria.

Moreover, it is reminded that employees in control functions, are not assessed based on financial criteria, and their variable remuneration is not linked to the performance of the business units they oversee.

7.2.5. Pay-out process of Variable Remuneration

As defined under *§ 5, "Scope"* of the present Policy and in line with EBA guidelines, ESMA/2013/232 and ESMA/2016/411, EGI chooses to apply remuneration principles proportionate to its size, nature, scope, complexity of its activity and internal organization.

Under such circumstances EGI, chooses to neutralise the following elements in respect to the pay-out process:

- Pay-out of part of the variable remuneration in instruments.
- A retention period.
- Deferral of part of the variable remuneration.
- Ex post incorporation of risk (including malus / clawback provision).

Variable Remuneration is in line with the business strategy, objectives, values and long-term interests of EGI and will be consistent with and promote sound and effective risk management.

The amount of bonus to be paid to all Staff, including Identified Staff is defined based on several criteria as defined in ***§ 7.2.2***. above.

With the exception of provisions set out under *7.2.5 "Specific provisions to the pay-out process"*, the Variable Remuneration of each individual Staff member, including Identified Staff, is paid out in a single cash payment and may not exceed 100% of the total fixed remuneration.

Pay-out of variable remuneration is not a contractual right and in case of negative performance may amount to zero.

The *Ersel Group Remuneration Policy* may have specific pay out provisions in the case a Variable Remuneration exceeds a certain amount, such as a deferral of a portion of the bonus over a 1 year. This *Ersel Group Remuneration Policy* may also put a cap on the bonus which is more stringent than the 100% mentioned *in 7.2.4. above.*

As mentioned in *§ 2 above*, in case of dual application to the same staff of both the Ersel Group Remuneration Policy and EGI Remuneration Policy, the most restrictive rules will apply.

7.2.6. Limitations

a. Severance Payments

As a general principle, there shall be no contractual severance entitlements which do not reflect actual performance achieved by the relevant Staff before leaving EGI.

However, it is global market practice, when hiring specific profiles or top executives, to propose a fixed severance pay as a component of the remuneration package. Therefore the Board may authorize such fixed severance pay in exceptional cases where it is critical to EGI business to hire a very specific profile and where EGI Head of Human Resources certifies that such a fixed severance pay is a necessary component of an offer which otherwise the target profile would not accept.

b. Compensation or buy out from contracts in previous employment

Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of EGI, including performance and claw back arrangements.

c. Guaranteed Variable Remuneration

Guaranteed Variable Remuneration is exceptional and is only allowed in connection with the hiring of Staff with specific profiles (General Manager).

d. Personal hedging strategies

Staff shall undertake not to use personal hedging strategies or other countermeasures (such as insurances) that confine or neutralize the risk alignment effects of their remuneration.

8. Governance

As defined under Section 4, "Scope" of the present Policy and in line with EBA guidelines, ESMA/2013/232 and ESMA/2016/411, EGI chooses to apply remuneration principles proportionate to its size, nature, scope, complexity of its activity and internal organization.

As a result, EGI chooses not to setup a Remuneration Committee.

However, in order to ensure appropriate remuneration practices and avoid potential conflicts of interest, EGI has set up a governance structure consisting of several corporate functions, as described below.

a. Board of Directors

The Board of Directors adopts and regularly reviews the general principles of the Remuneration Policy and is responsible for its implementation. The Board is advised by the control functions on legal requirements, as well as potential conflicts of interests.

It is important to note that the Board of Directors in charge of designing remuneration principles is fully independent, as 3 of its members are independent directors, remunerated with fixed fees and two of them are part of the Ersel group and not remunerated directly by EGI. Under such circumstances, EGI ensures sound and effective remuneration principles and practices, hence promoting the avoidance of any type of conflict of interest.

The Board of Directors is responsible for:

- defining, validating the general principles of the Policy on a regular basis;
- ensuring that the principles contained in the Policy are appropriate and up-to-date;
- overseeing directly the remuneration of senior officers in the independent control functions including risk management and compliance functions.
- Setting-up and ratifying any new form/regime of fixed or various remunerations advantages etc. to be paid to EGI staff.
- Reviewing and approving the fixed remuneration increase and variable remuneration budgets.

b. General Manager, Conducting Officer in charge of Human Resources

With the support of Ersel Group Human Resources Unit, the General Manager and the Conducting Officer in charge of Human Resources are responsible for the adjustment and the supervision of the implementation of the Remuneration Policy:

- taking all necessary measures for implementing the Remuneration Policy and keeping under review the Policy and the remunerations in the light of legislative, regulatory and market developments.
- Reporting as often as it deems necessary, to the Board of Directors about the implementation and the supervision of the implementation of the present Remuneration Policy.
- Proposing for approval to the Board of Directors the global amount to be allocated to the increase of the fixed remuneration and to the variable remuneration (budgeting phase).
- Defining the people and the amounts of the discretionary salary increases once the global amounts are approved and in line with the approved budget.
- Defining the people and the amounts for the discretionary bonuses once the global amounts are approved and in line with the approved budget.

c. Control Functions

Control functions may assist the Board in determining the overall remuneration strategy having regard to the promotion of effective risk management and take all necessary measures in order to make the Remuneration Policy compliant with regulations and a risk efficient management of the Company.

d. Internal Audit

The internal audit function carries out, on a regular basis, an independent review of the design, implementation and effects of EGI's remuneration policy on its risk profile as well as the way in which these effects are managed.

The internal audit function assesses whether the overall remuneration policies, practices and processes:

- operate as intended (e.g. approved policies, procedures and internal rules are being complied with; the remuneration pay-outs are appropriate and in line with business strategy and the risk profile, long-term objectives and other goals of the institution are adequately reflected).
- Are compliant with national and international regulations, principles and standards.
- Ersel Group Human Resources together with the control functions are closely involved in reviewing the Remuneration Policy in order to assure it is aligned with the institutions' risk management strategy.

9. Disclosures

9.1. Internal Disclosure

EGI discloses its remuneration policy to all staff members on the Company's intranet. All employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay. This information is given in their employment contracts but also through the current Policy.

9.2 External disclosure

EGI discloses the following qualitative and quantitative information made available to the public:

a. Quantitative disclosures

In EGI certified annual financial statements:

- the total amount of remuneration for the financial year, split into fixed and variable remuneration and the number of beneficiaries.
- In principle the aggregate amount of remuneration broken down by senior management and Identified Staff. In practice, due to the small size of EGI, there is no senior manager in EGI who is not an Identified Staff. EGI will therefore disclose the break down between Identified Staff and other staff.

b. Qualitative disclosures

On EGI web site:

- EGI Remuneration Policy which contains the details of the financial and non-financial performance criteria used to determine variable remuneration.
- EGI Conflict of Interest Policy which contains the measures adopted to avoid or manage conflicts of interest.

9.3. Fund prospectuses

With regard to disclosure requirements within the prospectus, EGI includes in the prospectus of its funds a note that

- the above quantitative disclosures are available on demand and are included in the certified annual financial statements of the funds;
- a note that the above qualitative disclosures are available on demand and on the Company's website, with all relevant information with regard to its remuneration principles and practices.

Appendix 1 – Proportionality Analysis

As defined in Section 4 of the present Policy, EGI aims to match its remuneration policy and remuneration practices with its risk profile, risk appetite and strategy, so that the objectives of the obligations are more efficiently achieved.

Under such circumstances, in line with ESMA final guidelines on sound remuneration policies under the AIFMD, EGI decides to apply the proportionality principle in designing its remuneration policy. As to justify the application of the proportionality principle, EGI has established a self-assessment, aiming to provide the necessary arguments as to apply remuneration practices in a proportionate way, best matching its profile.

EGI has conducted a self-assessment based on the following dimensions:

1. EGI size, in terms of workforce and assets under management;
2. EGI internal organization and governance structure as to promote sound and effective risk management, as well as effective business continuity, hence avoiding any potential conflicts of interest.
3. EGI nature, scope and complexity of activities;
4. EGI measures to manage risks and align its own interests with the ones of its investors;

The sub-sections below detail the first 3 dimensions and present reasonable justification as to the application of the proportionality principle.

A 1.1. Size

Regarding EGI size, the Company takes into consideration its total assets under management as well as the number of funds managed and the number of staff.

A 1.1.1. Assets under Management (“AUM”)

As of 31.12.2019, EGI AUM amount to **EUR 2.7**. **billion.**

EGI considers the size of its AUM as of moderated size, given the total market size and the size of other players in the sector.

Moreover, fair market practice uses also FCA guidance on the application of the proportionality principle. With regard to the AUM thresholds for the management of AIFs, the UK regulator indicates that in case of using leverage to acquire investments, the threshold is set at £ 1 billion, whereas in case of non-leveraged investment funds the threshold is set at £ 5 billion.

Under such circumstances, EGI considers its size in terms of assets under management as moderate.

A 1.1. 2. Number of Investment Funds

As of today, EGI manages **5 investment funds the sum of which is BELOW EUR 2.7**. **billion:**

1. *GLOBERSEL*, a mutual fund in transferable securities under Luxembourg law established in Luxembourg in accordance with Section I of the Law of 17 December 2010 (“Law of 2010”), specific to undertakings for collective investment in transferable securities **(“UCITS Part 1”)**:

- GLOBERSEL consists of 6 sub-funds.

2. *LEADERSEL*, an UCITS Part 1:
    - LEADERSEL consists of 13 sub-funds.

3. *SYSTEMATICA* an UCITS Part 1:
    - SYSTEMATICA has currently launched 1 sub-fund.

4. *Ersel SICAV*, a SICAV registered in the official list of undertakings for collective investment in accordance with Part II of the Law of 17 December 2010 ("2010 Law"). The SICAV qualifies as an alternative investment fund within the meaning of the Luxembourg Law of 12 July 2013 on alternative investment fund managers.

5. *Value SIF SICAV*, incorporated for an unlimited period on 10 March 2014 as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as an open-ended société d'investissement à capital variable - fonds d'investissement spécialisé. The Company is governed by the Law of 2007, the AIFM Law and related regulations.

It is important to note that EGI ensures the management of certain investment funds directly whereas the management of other funds is delegated either to the Group or externally.

As of today, EGI manages directly:

- 5 UCITS: 4 Luxembourg sub-funds and 1 delegated Italian sub-funds,
- AIFs with 3 sub-funds.

As of today EGI delegates the management of investment funds as follows:

- 6 sub-funds delegated externally,
- 9 sub-funds delegated to Ersel Asset Management

A.1.1.3 Number of employees

As of today, EGI, including its branch, employs 11 full time employees and 4 part time employees. There is also one detached officer for 30% of his time and 7 Directors (2 Directors are also conducting officers, one full time and the other part time).

A 1.2. Internal Organization

The internal organisation of EGI is simple and lean, hence ensuring appropriate governance and transparency.

EGI has set up a corporate structure, aiming at ensuring lean operations, avoiding any types of conflicts of interests, with clear rule and procedures setup as to ensure investors interests, as well as compliance with legal requirements.

It is also important to note, that the variable remuneration of employees at EGI is limited and does often not exceed monthly wages.

It is also fundamental to note that EGI and the Group staff has a strong sense of belonging to Ersel Group, that staff turnover is very low and therefore, staff concern is to remain with Ersel Group and to therefore care for the Group long term interests as opposed to other institutions where Identified Staff may consider themselves as being there for the short term and are therefore inclined to take risks in order to maximize personal bonuses.

Given the limited Variable Remuneration attributed to its staff members, EGI is exposed to a real talent retention risk, in case strict provisions ought to be applied on such small amount of variable remuneration.

A 1.3. Nature, scope and complexity of activities

As to determine the nature, scope and complexity of EGI activities, the Company takes into consideration the nature of the funds it manages, as well as any managed sub-funds, and takes into account the risk management measures in place.

A 1.3.1. Legal framework

ERSEL GESTION INTERNATIONALE S.A. is established in Luxembourg for an unlimited period of time as a société anonyme (public liability company) incorporated under Luxembourg law on 18 April 1989. The registered office of the Company is in Luxembourg, 17 rue Jean l'Aveugle. The Articles of Association of the Management Company were published in the Official Gazette of Luxembourg Recueil Spécial des Sociétés et Associations on 17 July 1989. They were registered in the Luxembourg Companies Register and they were amended for the last time on 4 March 2015 and published in the Official Gazette on 10 June 2015. The Company is registered in the Companies Register of Luxembourg under number B 30.350.

The registered capital of the Management Company amounts to EUR 600,000.00, is fully paid up, and is represented by 6,000 shares of a nominal value of EUR100.00 each, registered in the name of Ersel SIM S.p. A., having its registered office at 11 Piazza Solferino, 10121 Torino, Italy.

EGI is dedicated to the management of the diversified funds set up under Luxembourg law. These include Globersel, Leadersel, Systematica, Ersel Sicav and Value SIF Sicav, in compliance with EU and Luxembourg laws certain of which are authorised for placement in Italy, certain in Spain and certain in Switzerland.

A 1.3.2. Nature, scope and complexity of activities

EGI focuses on 2 core businesses, (i) fund management and (ii) individual wealth management and advisory services, which both take advantage of the Ersel distribution network in order to reach Clients.

a. Fund management

Regarding fund management, EGI manages, as previously mentioned, only 5 funds, mostly traditional funds, investing principally in listed shares, bonds and other similar debt securities, therefore with limited risks for investors. Moreover, several sub funds ("**Funds of Funds**") invest in other UCITS Part 1funds, within the European market, hence operating under the same regulations than the ones imposed by Luxembourg law. The investment in EU regulated UCITS Part 1funds also decreases investor risks. In addition, it is important to note that investment in equity structures are limited .representing approximate 27% of total assets under management (funds).

As a result global risk of all sub funds but 3is measured with the Commitment approach and not the VaR approach. For those 3 sub funds based on the VaR approach, the VaR internal limit is very low, 8% or less.

Furthermore, AUM is mostly acquired without the use of leverage.

Additionally, several of the management activities are delegated, amounting to **74%** of total AUM. As a result, directly managed risks are moderate, the more because the funds directly managed by EGI are Funds of Funds.

b. Wealth management

EGI considers the complexity of individual wealth management activity as low. Firstly, AUM for this activity amounted to only approximately EUR 505 Million as of the 31.12.2019, with no more than 25 clients.

In addition, individual clients' portfolios are not deposited with EGI but with banks of their choice, with a management mandate given to EGI. EGI has therefore no default risk. Risks identified by EGI are only operational risks. Within this category, EGI may be marginally exposed to reputational risk or the risk of customer attrition. Besides that, EGI identifies the loss of important customers as a risk. However, since the Company does not see itself exposed to major risks like credit risk or default risk, it considers the activity of low risk and of minor complexity.

Under such circumstances, and in line with the proportionality principle, EGI choses to neutralize the following requirements:

- Pay-out of part of the variable remuneration in instruments.
- A retention period.
- Deferral of part of the variable remuneration.
- Ex post incorporation of risk (including malus / clawback provision).
- Set up of a Remuneration Committee.