

# **Annex I**

## **Specificities of A&G Luxembourg AM, S.A.**

### **A&G GROUP REMUNERATION POLICY**

<b>Owner of the Policy - General Part</b>	Asesores y Gestores Financieros, S.A.	December 2022
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## 1. General Overview

A&G Luxembourg AM, S.A. (hereinafter “**A&G Lux**”) is a public limited liability company incorporated and governed by the laws of the Grand-Duchy of Luxembourg.

For the conduct of its business A&G Lux is authorized by the *Commission de Surveillance du Secteur Financier* (the “CSSF”) to provide the services of alternative investment fund manager as per the provisions of the July 12th, 2013 Law on alternative investment fund managers.

The A&G Group Remuneration Policy (hereinafter, the “**Group Remuneration Policy**”) reflects the vision and values of A&G Group, defines the pillars of compensation and details the total compensation elements of the Group. A&G Lux is adhered to the Group Remuneration Policy – General Part in all except its Annexes related to the Identified Staff and AIF managers Staff that will be regulated by the rules herein set. The Group Remuneration Policy has to comply with the specific regulatory requirements of each jurisdiction (i.e. Spain and Luxembourg), in this sense, the objective of this Annex I to the Group Remuneration Policy at hand is forming the local implementation of the Group Remuneration Policy in compliance with local regulation.

- In particular, the Group Policy and this Annex take into account the following applicable regulations: Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (“AIFMD”).
- Luxembourg Law of 12 July 2013 on alternative investment fund managers (Article 12).
- ESMA Guidelines on sound remuneration policies under the AIFMD (3 July 2013, ESMA/2013/232 and 14 October 2016, ESMA/2016/579).
- ESMA Final Report – Guidelines on sound remuneration policies and practices under the UCITS Directive and the AIFMD (ESMA/2016/411) of 31st March 2016.
- CSSF Circular 18/698 on the authorization and organization of Luxembourg investment fund managers.

The Group Remuneration Policy is designed to attract, retain and motivate qualified employees in their areas of expertise. It ensures sound risk management and is consistent with the economic strategy and long-term objectives, values and interests of A&G Group, A&G Lux and of the funds under management.

For the avoidance of doubts, the Group Remuneration Policy - both the General Part and this Annex I – A&G Lux Specific Part - is applicable to A&G Luxembourg AM, S.A. and also to its branch located in Spain: A&G Luxembourg AM, S.A., Sucursal en España.

All terms in caps that are not herein defined shall have the meaning established on the Group Remuneration Policy – General Part or in A&G Lux articles of incorporation.

## 2. Identified Staff

### 2.1. Definition

As per the ESMA Guidelines and as described in the Group Remuneration Policy – General Part Annex IV (defined as “*Colectivo de Gestores*”), “Identified Staff” means categories of staff, including senior management, risk takers, the control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on A&G Lux risk profile or the risk profiles of the managed funds.

### 2.2. Assessment

A&G Lux is required by the ESMA Guidelines to conduct an assessment of all its employees whose activities could potentially have a significant impact on A&G Lux balance sheet and/or on the performance of A&G Lux managed funds. The aim is to ensure that the correct employees are correctly identified in the scope of the Remuneration Policy.

In this sense, the following categories of staff, unless the Board of Directors appreciates that they do not have any material impact on A&G Lux risk profile or on any managed AIF, shall be included as Identified Staff:

- If remunerated, the members of the Board of Directors, including executive and non-executive members.
- Senior management.
- Staff belonging to the control functions, including among others:
  - The Head of the Compliance function.
  - The Head of Risk management function.
  - The person responsible of the AML/CTF communication to the CSSF: the employee responsible for compliance with the professional obligations as regards the fight against money laundering and terrorist financing (the original French version of the law refers to a “*responsable du respect des obligations*” (The “RR”).
- Investment managers: Portfolio Managers/Employees responsible for managing AIFs.
- The Head of Administration.
- The Head of Marketing.
- The Head of Human Resources.
- Any other employees not already in the above categories whose total remuneration

takes them into the same remuneration bracket as senior managers and risk takers.

On an annual basis, an assessment will be carried out and a list of employees that are subject to be considered as Identified Staff will be defined and updated and records of such assessment will be kept.

The Board of Directors of A&G Lux is ultimately responsible for the identification process.

### **3. Remuneration of A&G Lux employees**

#### **3.1. Of all the employees**

A&G Lux shall remunerate all its employees primarily with a salary, a fixed amount of pay per month. This fixed remuneration has to be determined on the basis of the role of the employee, including level of responsibility, job complexity and local market conditions.

A&G Lux may, at its own discretion, offer additional fringe benefits to some employees such as health insurance, parking places, scholarship costs, and/or accommodation costs.

Variable remuneration seeks to reward the contribution of all employees to the financial results of A&G Lux and the achievements in the implementation of its business activities. Both financial and non-financial factors shall be taken into consideration when determining an employee's variable remuneration, (i.e. compliance with A&G Group core values or with A&G internal guidelines and procedures, etc).

In addition, the variable remuneration of certain of A&G Lux employees may be set contractually and may be established through specific formulas ("**Formulaic Variable Remuneration**") and/or may be linked to the success fees received by A&G Lux in respect of managed AIFs ("**Carried Interest Bonus**").

#### **3.2. Of the Identified Staff**

As a general rule, the fixed and variable components of the total remuneration of the Identified Staff will be appropriately balanced and the fixed component will represent a sufficiently high proportion of the total remuneration. On the other hand, the variable remuneration components will be fully flexible, including the possibility to pay no variable remuneration component. In addition, the following rules shall apply to the variable remuneration components of the Identified Staff:

##### **3.2.1. Variable remuneration deferral**

For Identified Staff, at least 40% of their variable remuneration is deferred over a period at least 3 to 5 years, unless the life cycle of the AIF concerned is shorter. Remuneration payable under deferral agreements will not vest faster than on a pro-rata basis.

In any case, A&G Lux, in accordance with the Group Remuneration Policy – General Part item 2.5.2.1.1.A will not apply the deferral of the variable remuneration nor the variable remuneration on instruments to those employees who while not being part of the Board of Directors are part of the Identified Staff and their variable remuneration is set on Eur 50,000 or lower and said variable remuneration does not represent one third of their total annual remuneration.

The payment of variable remuneration to the Identified Staff that is not hereby regulated will fall to the rules stated on the Group Remuneration Policy – General Part.

All Identified Staff's variable remuneration, including the deferred portion, will only be paid or will vest if it is sustainable according to the financial situation of A&G Lux, and justified according to the performance of the relevant business unit, the AIF managed and the employee concerned.

In addition, the Board of Directors will consider the obligation for the total variable remuneration to be considerably contracted where subdued or negative financial performance of A&G Lux or of the AIFs concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

### **3.2.2. Variable remuneration in instruments**

For Identified Staff, at least 50% of their variable remuneration consists of units or shares of the AIF concerned, or equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments.

As a general rule, the instruments received as part of the Identified Staff's variable remuneration shall be maintained at least for one year from the date of delivery of the instruments. In any case, the variable remuneration will not be paid through vehicles or methods that could facilitate the avoidance of the requirements set up in the Group Remuneration Policy or in this Annex.

In any case, A&G Lux, in accordance with the Group Remuneration Policy – General Part item 2.5.2.1.1.A will not apply the deferral of the variable remuneration nor the variable remuneration on instruments to those employees who while not being part of the Board of Directors are part of the Identified Staff and their variable remuneration is set on Eur 50,000 or lower and said variable remuneration does not represent one third of their total annual remuneration.

### **3.2.3. Prohibition of hedging strategies**

A&G Lux employees are not allowed to use personal hedging strategies, or any kind of insurance related to remuneration and liability that could undermine the risk alignment effects with the sound management of risks promoted by A&G Group and their remuneration systems.

In particular, members of the Identified Staff shall not engage in hedging transactions of any kind or take out any insurance on variable remuneration, either in cash or in instruments, that has been deferred and is pending of payment under this Policy.

## **4. General principles**

The Remuneration Policy for A&G Lux employees is governed by the general principles described in Section 1.5 of the Group Remuneration Policy – General Part.

The Remuneration Policy and the general principles are to be applied in a manner that is consistent with the size of A&G Lux, its internal organization and the nature, scope and complexity of its activities.

In consideration of the proportionality principle and in light of the size of A&G Lux, its internal organization and the nature, scope and complexity of its activities, A&G Lux has decided to neutralize the requirement to set up a remuneration committee.

## **5. Governance**

The Board of Directors of A&G Lux is responsible for approving and maintaining the Remuneration Policy, and overseeing its implementation.

The Board of Directors of A&G Lux will approve any subsequent changes to the Remuneration Policy and carefully consider and monitor their effects, and will review the Remuneration Policy at least annually.

The Board of Directors of A&G Lux is in charge of approving, at least annually, the list of employees considered as Identified Staff and the list of Fund Managers as defined in Annex IV of the Group Remuneration Policy - General Part.

## **6. Approval of the Remuneration Policy and Review process**

The Board of Directors of the Regulated Entity of the Group having a Nomination and Remuneration Committee will approve the General Part of the Remuneration Policy of the Group as well as the subsequent amendments thereto, and shall be responsible for supervising its implementation in accordance with the applicable regulations.

Subsequently, the Board of Directors of A&G Lux will be responsible of the approval of the adherence to the General Part of the Remuneration Policy and/or of the ratification of any amendments. The Special Part corresponding to A&G Lux has to be approved by the Board of Directors of the company.

At least once a year (or earlier if any relevant changes in the law take place, amendments are introduced, if proposed by regulatory compliance or internal audit or if advisable according to external advisers), a centralised and independent internal assessment shall be carried out in order to verify that the remuneration policies and procedures established by the Board of Directors are being complied with, and further verify that the Remuneration Policy is consistent with the provisions of applicable domestic and international laws. In this respect:

- The Board of Directors shall review the Remuneration Policy and analyse the way in which the remuneration structure affects compliance with legislation and with the internal policies and rules of A&G Lux.
- The Internal Audit Unit shall carry out, within its multiannual plan, an independent audit of the design, implementation and effects of remuneration policies.

Furthermore, the risk management function may be consulted on its assessment on how the variable remuneration structure affects the risk profile of A&G Lux.

Without prejudice to the above, where are consistent with the application of the proportionality principle and if so decided, said regular review may be outsourced, in whole or in part to an external service (in any event, the Board of Directors shall remain ultimately responsible).

Should the above-mentioned regular reviews conclude that the remuneration system is not

operating as expected or is not consistent with applicable regulations, the management body shall ensure that the relevant remedy plan is implemented.

## **7. Delegations**

The Company should ensure that the entities to which portfolio management or risk management activities have been delegated are subject to regulatory requirements on remuneration that are:

- Equally as effective as those under the AIFMD, or
- That appropriate contractual arrangements are entered into to ensure there is no circumvention of the remuneration rules with respect to payments to Identified Staff within the delegate.

## **8. Disclosure and transparency**

The Remuneration Policy should be accessible to all employees of A&G Lux. The employees should know in advance the criteria that will be used to determine their remuneration. The appraisal process should be properly documented and should be transparent to each employee. Employees within the scope of the specific rules of the Remuneration Policy will be informed by a written communication, summarizing the principles described in it. Each significant change to this policy and the criteria for the determination of variable compensation will be notified in writing. A&G Lux will ensure that the Remuneration Policy is published and becomes available at least on an annual basis either on the website or as through a remuneration policy statement.

Under no circumstances shall confidential quantitative aspects of staff remuneration be disclosed internally.

The Group shall make public the information required by the applicable regulations. Likewise, the Group and/or A&G Lux shall at all times comply with the reporting obligations to the corresponding supervisor established by applicable regulations.

Likewise, the Group and A&G Lux shall publish information on corporate governance and remuneration on its website and, if applicable, in the manner required by applicable regulations.