

Remuneration Policy

ANCILE (LUXEMBOURG) FUND S.A., SICAV-SIF
(the “**Company**”)
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Date	Version	Policy	Procedure	Approved by BoD	Authors
202102	4.5	x		25/02/2021	VLM
202103	4.6	x		05/03/2021	VLM & CK

OBJECTIVE

The objective is to ensure that remuneration policies and practices are consistent with sound and effective risk management and to avoid excessive risk-taking by monitoring and defining a set of rules for the remuneration of staff having a material impact on the risk profile of the AIFM qualifying as a self-managed alternative investment fund (“**AIF**”) under the Alternative Investment Fund Managers Directive (the “**AIFMD**”). The remuneration policy integrates relevant sustainability risks as defined in the **SFDR** (as defined below). The remuneration policy shall be in line with the business strategy, objectives, values and long-term interests of the institution, and incorporates measures to avoid conflicts of interest.

SCOPE OF THE POLICY

This remuneration policy (the “**Remuneration Policy**”) covers the remuneration of the persons who perform key functions within the Company, such as the governing body, senior management and control functions as well as members of staff whose activities have a material impact on the risk profile of the Company. Members of staff whose remuneration places them into the same remuneration bracket as that of senior management are also subject to this procedure.

This procedure also applies to categories of staff of the delegates whose professional activities have a material impact on the risk profile of any Sub-Fund.

This procedure applies to the remuneration of persons who receive fixed compensation and a compound of fixed and variable compensation (last defined as the “**Bonus**” or “**Profit Sharing**”), in order to have a balanced remuneration between fixed and variable remuneration such to discourage any risk taking . Reference to this procedure will be reflected in the agreements of the concerned people.

REGULATORY FRAMEWORK

The present policy has been draft in respect of the following laws and regulations:

- Art. 12 of the AIFM Law (GD Law of 13/07/2013);
- Annex II of the AIFM Law;
- CSSF Circular 10/437 “Guidelines concerning the remuneration policies in the financial sector”;
- Section 5.5.9 of the CSSF Circular 18/698;
- ESMA guidelines 2013/232 “Guidelines on sound remuneration policies under the AIFMD”, the ESMA guidelines.
- SFD Regulation (EU) 2019/2088 as amended by Regulation (EU) 2020/852 Taxonomy regulation (hereafter **SFDR**).

PERSONS UNDER THE SCOPE OF THE POLICY

The Company has identified the following individuals (including 'risk takers'), also defined staff members who will be subject this Remuneration Policy:

- **3 members** of the Board of Directors of the Company, also said Governing Body. They are independent directors and related by service contract. They do not receive any bonus for the performance of their duties.
- **1 member** of the Board of Directors of the Company, also said Governing Body. He/she is representative of the delegated Investment Manager. He does not receive any fixed remuneration nor any bonus for the performance of his remuneration.
- **2 Senior Managers**, in charge for the day-to-day management activity. They are employed of the Company pursuant to an unlimited term employment agreement (Contrat de travail à durée indéterminée - CDI) under the terms of which, he is entitled to the payment of a Salary. He is eligible to a variable discretionary Non-Performance-Based Bonus.
- **1 Investment Analyst and Controller**. He/she is employed of the Company pursuant to an unlimited term employment agreement (Contrat de travail à durée indéterminée - CDI) under the terms of which, he is entitled to the payment of a Salary. He is eligible to a variable discretionary Non-Performance-Based Bonus.
- **1 Internal Auditor**. The function is externalized to a legal person, which is in charge for the controls and services of Internal Audit. It does not receive any Bonus for the performance of its duties. In quality of consultant, it is remunerated by Internal Auditor Fees proportioned to the workload provided to the Company.

DESIGN APPROVAL AND OVERSIGHT OF THE REMUNERATION POLICY.

The implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function.

The Board of Directors in its supervisory function is required to approve and annually review the Remuneration Policy and for overseeing its implementation and approves the bonus to the staff members too. In consideration of the level of complexity of the Company and according to the principle of proportionality, the Company has no remuneration committee as the activity is covered by the Board of Directors. Therefore, it agrees the remuneration of the staff members of the Company in respect of the following compensation structures.

The Board of director monitors that staff members do not use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

The Senior Managers are in charge of the implementation of the Remuneration Policy. They elaborate procedures to this effect and submit them to the Board of Directors of the Company. The control functions have been involved in the elaboration of this policy.

COMPENSATION STRUCTURES

The Company may pay compensation in the form of fixed and/or variable amount.

FIXED COMPENSATION:

The Company is paying the following forms of fixed compensation:

- **Director Fees:** representing the annual fees earned by a member of the board of directors of the Company as compensation for serving on the board of directors of the Company.
- **Senior Manager Fees:** representing the annual fees relating to services performed on time spent basis by the Senior Managers to the Company, whereas AIFM Laws and Regulations make it applicable.
- **Salary:** representing the annual cash compensation relating to services performed pursuant to an employment agreement during any calendar year, excluding bonuses, overtime, fringe benefits and other allowances paid to a employee for employment services rendered.
- **Internal Auditor Fees:** representing the annual services fees relating to services performed on time spent basis by the Internal Auditor to the Company.

The fixed remuneration awarded by the Company is set at such a level so as to cover for the full remuneration of the relevant persons related and proportionally to their commitment.

VARIABLE COMPENSATION OR BONUS:

The Company may decide to grant to directors, senior managers and/or employees an amount of variable compensation during any calendar year, which represents a bonus that takes the following forms:

- Performance-Based Bonus representing any compensation attributable to a calendar year, in addition to Director Fees, Senior Manager Fee and/or Salary, that is based on a performance period of at least twelve (12) months and the payment or amount of which is **contingent** on pre-established organizational or individual performance criteria as determined by the management body in its supervisory function. The performance criteria shall not be based on the performance of the investments managed by the Company to prevent or mitigate incentives for excessive risk taking and embed adjustment for sustainability risk.
- Non-Performance-Based Bonus and/or Profit Sharing representing any compensation attributable to a calendar year, in addition to Director Fees, Senior Manager Fee, Salary and/or the payment or amount of which is **not contingent** on pre-established organizational or individual performance criteria as determined by the management body in its supervisory function.

The Bonus' cap and payment modalities are set in compliance with the limits and modalities reported in the Annex II of the AIFM Law.

The fixed and variable compensation of total remuneration are appropriately balanced and the variable represents a maximum of 50% of the average annual gross salary of the over the last three consecutive years.

OBJECTIVES

The key objective of the Company is to pursue the investment objectives of the AIF it manages in such a way so as to ensure that the interests of the investors and the interests of any Sub-Funds are aligned. The investment objectives of the Sub-Funds include *per se* sustainable objectives which are described in the Supplement and in Sub-Fund Annex accompanying each Sub-Fund Supplement contained in the Private Placement Memorandum.

Every member of staff of the Company and the relevant staff of any delegate notably where a mandate is awarded to a delegated investment manager are made fully aware of the Company's objectives. In addition, every employment or service agreement and specification or job profile details the goals and criteria of their function. These goals and criteria, among other benchmarks, will be used to determine the individual's level of fixed.

INTEGRATION OF SUSTAINABLE RISKS INTO THE POLICY OF REMUNERATION

The Company integrates sustainability risks into the decision-making process through the Impact Framework and ensures transparency in the private placement memorandum and the website of the Company (www.ancilefundsicav.lu). At the same level and under the same criteria, the Company integrates sustainability risks in the remuneration policy in order to ensure that the structure of the remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risks-adjusted performance.

The Company is ultimately responsible to implement and enforce at any time this Remuneration Policy. When the Company delegates the investment management activities in respect of the assets of the Company and/or a Sub-Fund to an investment manager, the Company shall ensure that the delegate implements and enforces on a continuing basis a proper remuneration policy and demonstrates of its own ESG expertise to identify and assess Sustainability Risks for the purposes of complying with the Remuneration Policy.

DETERMINATION OF THE VARIABLE COMPONENT

At the date of this Remuneration Policy, the Company starts by saying that it does not pay and does not consider paying variable remuneration to its Board, Senior Managers or other employed persons. At the same time, the Company may acknowledge any further benefits or bonuses, which are not expressly referred to the employment or service contract, shall be regarded as *ex gratia* benefits provided at the entire discretion of the Company and shall neither form a part of the relationship terms nor be considered as a vested right acquired over time. This benefit shall not represent a substantial portion of the total fixed remuneration of the servicer and shall be released after justified appraisal of the Board.

If the Company's Board decides to change the policy and set regular variable remuneration to its staff, this Remuneration Policy will be taken into account and steps will be taken to comply with the AIFMD remuneration rules and ESMA guidelines in respect of the variable remuneration. Before the implementation the Company must inform the CSSF and explain and justify the reasons related to the variable remuneration.

In case remuneration is composed of a variable part, such variable part shall comply with the principles set forth below.

Every Fund's staff member shall be made fully aware of the Fund's objectives at the beginning of each calendar year and during the year. The Fund shall inform all members of their compliance duties and obligations and expects that they are strictly complied with at all time.

No guaranteed variable remuneration is awarded to the Fund's staff members. The purpose of the discretionary bonus is to annually reward and incentive excellent performance and to align the success of the Company with that of the persons under scope. Discretionary bonuses are intended to reflect contribution to the overall success of the Company and are designed to take a long-term view of the Company's development. The measurement of the appraisal of the staff members shall include not only financial, but also non-financial criteria. All the staff members are eligible to receive a discretionary bonus.

Guaranteed payments (e.g., welcome bonus) can only be used in exceptional circumstances (i.e. only when hiring new staff), and is limited to the first year of employment.

The variable remuneration shall be incorporated into the Fund's capital and liquidity planning and shall not jeopardize the capital objectives of the Fund.

It shall be determined based on a sustainable principle that reflects the Fund's business and risk policy and linked to quantitative (such as economic profit and return on risk-weighted asset) and qualitative (such as quality of earnings, compliance with regulatory and internal policies) criteria.

If awarded, the variable remuneration is set once a year, after the financial year-end results, and it must respect the following criteria:

- a) Fixed and variable components of the total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components including the possibility to pay no variable remuneration component.
- b) A substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the life annual cycle of the AIF and the redemption and distribution policy of the AIF and is correctly aligned with the nature of the risks of the AIF in question.

A serious violation of the Fund's internal rules or external provisions shall result in a reduction or forfeiture of variable remuneration.

GOVERNANCE AND PRINCIPLE OF PROPORTIONALITY

Following a proportionality assessment, the Company has not established a remuneration committee, the appraisal is directly in charge to the board of Directors.

The Board receives input from all the competent functions when designing the remuneration policy. The proposed remuneration policy will be reviewed and adopted, or rejected as applicable, by the Board.

The Board determines the remuneration of the governing body, senior management and employees in charge of the control and verification functions.

This Remuneration Policy is subject to an annual review by the Board.

In any case, the Board of Directors will ensure that:

- All plans/programs are covered;
- Pay-outs (if any) are appropriate;
- Risk profile, long-term objectives and goals are adequately reflected and aligned; and
- Regulations, principles and standards are fully complied with.

Those staff members shall be informed in advance of the criteria that will be used to determine their remuneration and of the appraisal process. The appraisal process and the remuneration policy shall be properly documented and transparent to the individual staff members concerned.

DISCLOSURE

The Company discloses elements of its remuneration policy as part of its annual report. The disclosure is made once a year and includes the elements listed under section XIII of the ESMA Guidelines on sound remuneration policies under the AIFMD.

The Company also discloses the above to its staff members alongside the criteria used to determine the staff member's remuneration.

Without prejudice to confidentiality, the Company shall disclose, regularly update and maintain this policy on its publicly accessible website (<https://www.ancilefundsicav.lu>) where all the stakeholder can have access to, in compliance with SFDR.

ANTI-AVOIDANCE

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

DELEGATION

The Company has delegated the investment management function. The Company must assess in case of delegation if the delegate has equally effective remuneration requirements in place as those used by the Company. Where this is not the case, the investment management agreement includes provisions subjecting the relevant staff of the delegated investment manager to this Remuneration Policy. The Senior Managers shall oversee any appointed investment manager in order to perform its duties in case of identified breaches of this Remuneration Policy.

CHANGE OF CONDITION

If the above mentioned were to change, the contents of this document would be adapted accordingly.