

Kredietrust Luxembourg S.A.
Remuneration Policy – Report for External Publication
April 2023

1. Introduction Statement:

1.1. The remuneration Policy

Kredietrust Luxembourg S.A. (hereinafter defined as “**KTL**”) has established a remuneration policy (the “**Remuneration Policy**”), in the context of its specific business which is managing undertaking for collective investment on transferable securities (“**UCITS**”) and alternative investment funds (“**AIFs**”).

The principles and provisions set out in the Remuneration Policy apply to the whole staff of KTL “**KTL Staff**” (including MRTs as defined here under §4 Staff within the scope: KTL Staff).

KTL updates its remuneration policy based on EU directives and related guidelines.

The current Remuneration Policy is compliant with Directive 2011/61/UE – “AIFMD”, ESMA final “Guidelines on sound remuneration policies under the AIFMD”, Directive 2014/91/EU – “UCITS V Directive”, Regulation (EU) 2019/2088 on the sustainability related disclosures in the financial services sector and ESMA final “Guidelines on sound remuneration policies under the UCITS Directive and AIFMD” published on the 31st of March 2016, and EBA guidelines on sound remuneration policies under Directive 2013/36/EU¹ (“**EBA Guidelines**”).

2. Regulatory principles

The Remuneration Policy is gender neutral and respects the principle of equal pay for male and female workers for equal work of equal value, and is both consistent with, and promotes, sound and effective risk management. It does not encourage risk-taking that exceeds the risk appetite of the institution, including sustainability risk.

The Remuneration Policy reflects the Management Company objectives for good corporate governance as well as sustained and long-term value creation for the funds it manages and their shareholders.

The Remuneration Policy sets out principles applicable to all employees including the remunerations of the senior management, all staff members having a material impact on the risk profile of the financial undertakings, as well as all staff members carrying out independent control functions, whose objectives are:

- To ensure that the remuneration is in line with the applicable laws and regulations,
- To comply with Quintet Group Remuneration Policy practices that aim to ensure that remuneration is in line with the business strategy, objectives, values, and interests of Quintet Group,

¹ Circular CSSF 22/797, 1) Application of the Guidelines of the European Banking Authority on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04).

- To comply with sound practices linked with the specificity of its sector of business, the funds it manages, and in the best interest of the investors of those funds.

The Company Policy and procedures take into consideration Environmental, Social and Corporate Governance (“ESG”) risk factors to guide investment decisions, as applicable to the fund under management by the Company. Compliance with internal policies and procedures form part of the employees annual review as relevant to their function. In addition, all employees are held to the Company and Quintet Group general engagement on Sustainability and Responsible Investing.

3. Delegation of activities

The Management Company ensures 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 AIFM Law and the UCITS Law, 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.

The investment management and distribution functions are delegated to entities that are either credit institutions or investment firms supervised by their local regulator and subject to equivalent requirements on remuneration.

4. Staff within the scope: KTL Staff

The scope of the Remuneration Policy applies to the whole staff of KTL which include the identified Material Risk Takers (“MRT”).

In this context, staff or staff members should be understood as:

- Employees of KTL or individuals in relationship of similar nature.
- Members of the management body whatever their contractual relationship with KTL (employment contract, mandate, other).

The MRTs are selected and designated within KTL on the basis of qualitative criteria (job function, level of responsibility) or quantitative criteria (remuneration level). KTL, with the support of Quintet Group (especially Group Risk and Group Human Resources) assesses on a regular basis, e.g., at recruitment or in case of change of role and in any case at least once a year who are the individuals qualifying as MRTs, in compliance with article 92 (3) of Directive 2013/36/EU.

5. Remuneration Principles

KTL applies a proper balance between fixed and variable remuneration. Staff remuneration is gender neutral and aligned with the responsibilities, risk impact and level of risk of each specific function, taking into consideration the relevant business sector and geographical region.

6. Risk & Compliance awareness culture

In order to reinforce a Risk & Compliance awareness culture across the Group, a generic Risk & Compliance Awareness goal is set in the performance goal plans for each staff members of the Quintet Group.

All staff categories (including management body) should at any time adopt a professional attitude in respect of internal procedures and rules, internal codes of conduct and external laws and regulations. They should immediately escalate and disclose any event or action observed which constitutes a breach of these rules and /or laws and any incident (claim, loss...) or potential risk that may adversely impact any Business Entity/the Group, e.g., financial impact, reputation impact, etc.

Any serious breaches will be dealt with immediately through the appropriate disciplinary process.

7. Termination provisions

If a participant leaves Quintet Group for any other reason than (early) retirement, sickness, injury, disability, or death, any unvested variable compensation will be forfeited in full.

The Quintet-BRNC may however decide, upon its sole discretion, to allow for vesting of the deferred Variable Remuneration (in part or in full), for objective reasons in line with sound and effective risk management and the long-term interests of the institution. In such a case, the deferred payment will not accelerate due to the termination and will be effectively paid out according to the initial schedule and provided no Malus applies.

If employment ends during the deferral period by (early) retirement, sickness, injury, disability, or death:

- Any deferred Variable Compensation will be settled in line with the original vesting schedule subject to ex-post risk adjustments (Malus),
- Exception: in case of death payments will be settled in cash immediately (i.e., no deferral).

8. Disclosure

Information with regard to the Remuneration Policy shall be available on the website of Quintet Luxembourg and will be disclosed in the AIFs/ UCITS annual reports in line with AIFM Law and UCITS Law.

9. Proportionality:

KTL shall comply with the AIFM Law and UCITS Law requirements in a way and to the extent that is appropriate to its size, its internal organization, and the nature, the scope, and the complexity of its activities.

KTL employs 17 employees (Headcount) as per 15th of June 2022.

KTL has neither subsidiaries nor branches.

10. Internal Organization

- Legal Structure:

KTL is a management company created under Chapter 15 of the UCITS Law and under Chapter 2 of the AIFM Law, which does not issue debt or equity instruments. It is fully owned by Quintet Private Bank (Group), supervised by the CSSF, that is considered a significant institution. KTL cannot however be defined as a significant institution by itself.

- Complexity of business and internal Governance:

KTL Board is composed of 3 Directors, one of whom is a Conducting Officer as well. KTL Board convenes four times per year.

The KTL management committee is composed by the 2 conducting officers and meets once per months or whenever company interests require it to do so.

The management committee reports to each KTL Board meeting.

KTL has sufficient resources and adequate internal governance. KTL has overall procedures and escalation mechanisms in place with necessary split of responsibilities and conflict of interest checks, in fund management, supervision (conducting officers) and control (risk management and compliance functions),

A supervision of the delegates is in place (Oversight).

Clients are exclusively Group clients, mostly institutional clients.

11. Nature, scope, and complexity of activities

KTL is not engaged in a high level of risk taking. Regarding the nature, scope and complexity of its activities, its global risk exposure is limited as firstly all investment policies led by AIF under KTL management are plain vanilla strategies and cannot be classified as complex. No hedge funds or similar strategies are managed by KTL.

A robust Compliance set of controls (“Annual Compliance Monitoring Plan”) reduces the overall risk of KTL activities.

The above does not prevent KTL from applying, where required, pay-out processes deriving from the Group related remuneration policy in relation to CRDIV.

Appendix A: Glossary

Adjusted net profit: The net profit contribution adjusted for one-off items of a Quintet-entity or Quintet Group as it is calculated by Group Finance (MIS) and reported in the management accounts and agreed by ExCo.

Bonus pool: The total amount of results-based variable compensation calculated within a Business Entity and from which individual variable compensation is paid.

Board of Directors or BoD: Board of Directors of Quintet Group.

Business Entity: 'any separate organisational or legal entities of Quintet Group, geographical locations.

Business unit: any business line; functional line, department.

Claw-back: arrangement under which the staff member has to return to the institution, under certain circumstances, ownership of an amount of Variable Remuneration paid in the past or which has already vested. This can be applied to both upfront and deferred Variable Remuneration.

Compensation component ((also known as a remuneration component): a specific component of the compensation scheme (e.g., base salary, benefits, bonus).

Compensation contract (also known as remuneration contract): Specific compensation scheme set out in an individual contract between employer and employee.

Control functions: Internal Audit, Risk and Compliance.

Control functions (extended): Internal Audit, Risk, Finance, Compliance and Human Resources functions.

Compensation scheme (also known as remuneration scheme): Specific schemes to determine salaries, variable compensation, benefits, etc. per company, business line or managerial level.

Deferred (compensation): portion of Variable Compensation awarded which has not yet been definitively acquired/has not definitively vested to the individual and which is potentially subject to reduction before vesting and pay-out.

Employee benefits: non-financial compensation elements of Fixed Remuneration, such as lease cars, non-discretionary standard pension, and insurance schemes, etc.

ExCo: Executive Committee of Quintet (authorized management).

Fixed Compensation or Fixed Remuneration: remuneration components stated in the

employment/director contract or/and collective bargaining agreement (base salary, fringe benefits in nature or in kind...) which primarily reflect the relevant professional experience and organisational responsibility as set out in the staff's job description, which does not depend on performance, and which is not discretionary.

Granted (compensation): Individually calculated total financial compensation which can be partially deferred in a separate account.

Group ExCo: subcommittee of the ExCo which focuses on group matters.

Independent: to be read as "independent" from the business entity concerned.

Identified Staff: see Material Risk Takers

Immediate or upfront (compensation): portion of Variable Compensation which is awarded and immediately acquired and paid out to the individual, although it may still be subject to clawback

Individual performance-based compensation: Variable pay based on non-financial criteria using the performance appraisal system which is in place in the specific entity.

Quintet-BRNC: Quintet Group Board Remuneration and Nomination Committee.

Quintet Group: Quintet European Private Bankers S.A. and its subsidiaries/branches.

KTL ExCo: Executive committee of KTL (authorized management composed of the 3 Conducting Officers)

Malus: arrangement that permits Quintet Group/any Business Entity to prevent the vesting of all or part of the amount of a deferred Variable Remuneration award in relation to risk outcomes or performance and which allows to reduce the value of the deferred Variable Remuneration accordingly

Material Risk Takers or MRT or Identified Staff: those roles or individuals whose professional activities (individually or collectively) have potentially a material impact on the risk profile of Quintet Group and/ or the Business Entities, pursuant to EU Delegated Regulation n° 604/2014 and UCITS/AIFMD regulations (directives 2011/61/UE and 2014/91/EU).

Remuneration governance: The procedures which have to be followed in order to determine compensation policies, schemes, and individual variations.

Remuneration guideline or policy: A minimum or maximum or other rule within which all compensation schemes have to comply.

Profit-based variable compensation: Variable pay based upon the (reported or underlying) financial results of the group, the business entity, individual and business unit performance or any combination

of thereof.

Total Remuneration: Fixed compensation and Variable compensation as defined in the Group Remuneration Policy.

Variable Compensation or Variable Remuneration: any or aggregated variable pay depending on specific conditions and results to be achieved (performance-related, retention...) and which are not part of Fixed Compensation.