

## **IPConcept (Luxemburg) S.A. remuneration policies**

The remuneration system of IPConcept (Luxemburg) S.A. (“IPConcept”) is based on the remuneration system of DZ PRIVATBANK S.A. (“DZ PRIVATBANK”). However, it takes into account specific requirements for remuneration systems which stem from the current version of the Law of 17 December 2010 on undertakings for collective investment and the current version of the Law of 12 July 2013 on alternative investment fund managers.

The Supervisory Board of IPConcept decides on the remuneration policy of the Management Company. It is consistent with and promotes sound and effective risk management. It does not encourage risk-taking that is inconsistent with the risk profiles, fund rules or Articles of Incorporation of the UCIs<sup>1</sup> managed by IPConcept and it does not prevent IPConcept from acting dutifully in the best interests of the UCIs.

It is in line with the business strategy, objectives, values and interests of IPConcept, the UCIs under its management and its investors, and includes measures to avoid conflicts of interest. The Supervisory Board examines the general principles of the remuneration policy at least once a year and is responsible for their implementation and for monitoring in this division.

The remuneration policies and practices include fixed and variable salary components and company pension benefits.

An assessment is carried out centrally and independently at least once a year to determine whether the remuneration policy is implemented in accordance with the remuneration regulations and procedures stipulated by the IPConcept Supervisory Board.

IPConcept has set up a remuneration committee which issues an expert and independent judgement on the remuneration policies and practices and the incentives created for risk management. The remuneration committee is responsible for preparing decisions on remuneration including decisions which affect the risk and risk management of IPConcept or the relevant UCIs which are to be taken by the IPConcept Supervisory Board. The remuneration committee is, in particular, responsible for immediately reviewing the remuneration of senior executives in the risk management

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<sup>1</sup> The IPConcept remuneration policy applies to the management of mutual funds in accordance with Part I of the Law of 17 December 2010 on undertakings for collective investment\* (“UCITS”), of funds in accordance with Part II of the Law of 17 December 2010 on undertakings for collective investment\*, of institutional investment funds in accordance with the Law of 13 February 2007 on specialised investment funds\*, of SICAR in accordance with the Law of 15 June 2004 on companies for investment in risk capital\* (“SICAR”) and of other forms of investment in accordance with the Law of 12 July 2013 on alternative investment fund managers\* (“other UCIs”). Common generic term of this Fund for the remuneration policy is the “UCI”.  
\* In the current version.

and compliance divisions. The members of the remuneration committee are members of the IPConcept Supervisory Board.

The remuneration of employees with control functions is geared towards the achievement of objectives associated with their duties and is independent of the performance of the divisions they monitor.

To measure the remuneration of its employees, IPConcept is guided by the long-term success of the company – here, risk orientation and appetite play a decisive role. The remuneration therefore does not offer any incentives for taking a disproportionately high level of risk (also with regard to sustainability risks).

### **Remuneration system for employees not covered by collective agreements**

The remuneration of employees not covered by collective agreements consists of an appropriate annual fixed salary and variable performance and result-based remuneration.

The annual fixed salary is based on the system of hierarchical levels: Any post that is not subject to a collective agreement is allocated a hierarchical level with corresponding salary range within which the annual fixed remuneration of the function holder lies. Each employee receives an individual reference bonus which is linked to the associated hierarchical level.

The bonus system links these reference bonuses to the individual performance and the performance of the relevant segments as well as the overall performance of DZ PRIVATBANK Group. The performance at these three levels is determined through factors (individual performance factor, segment factor, home factor) and is multiplied by the reference bonuses to determine the actual bonus payments to be paid out. The individual performance is determined based on a performance assessment combined with target agreements as part of the annual employee appraisal and converted into the individual performance factor. The Management Board of DZ PRIVATBANK stipulates the segment and company factor and includes criteria which take the long-term result into account. The performance parameters based on the bonus system are derived from the objectives of the business and risk strategy and support the achievement of DZ PRIVATBANK's and IPConcept's strategic objectives.

The employees must not take any personal hedging measures or other countermeasures which restrict or increase the risk orientation of their remuneration. This includes, in particular, external hedging transactions subject to a performance obligation by a third party and the conclusion of futures transactions as long as the risk of less variable remuneration is restricted or excluded.

Regardless of the aforementioned system, it is possible at any time to set an individual performance factor and/or the company factor and therefore the total bonus to zero if this is deemed necessary based on the individual performance of the employee concerned or the results of DZ PRIVATBANK or IPConcept.

### **Remuneration system for identified employees**

IPConcept conducted an analysis to determine the identified employees in accordance with ESMA guidelines for sound remuneration policies.

As is the case with the remuneration system for employees not covered by collective agreements, the remuneration of identified employees consists of an appropriate annual fixed salary and variable performance and result-based remuneration. The maximum achievable bonus amount of an employee must not exceed the contractually fixed basic salary (fixed basic salary). Furthermore, the employees must not take any personal hedging measures or other countermeasures which restrict or increase the risk orientation of their remuneration, and the assessment of employees' variable remuneration in control units is primarily geared towards the achievement of their individual targets associated with their control function regardless of the divisions/functions they monitor.

Where applicable, performance is assessed under a multi-year framework that is appropriate for the holding period recommended to investors in the UCI managed by IPConcept. This ensures that the assessment is based on the longer-term performance of the UCI and its investment risks and that the actual payment of performance-related remuneration components is spread over the same period.

The performance-related remuneration is based on an assessment of the performance of the employee concerned and his/her department or relevant UCI as well as its risks and the overall result of IPConcept. Financial and non-financial criteria are taken into account when assessing the individual performance.

Payments relating to the premature termination of a contract reflect the results over time and are configured so that actions which have a negative impact on the company are not rewarded. The performance measurement which is used to calculate the variable remuneration components or pools of variable remuneration components includes a comprehensive corrective mechanism for all types of current and future risks.

Regardless of the aforementioned system, it is possible at any time to set the total bonus to zero if this is deemed necessary based on the individual performance of the employee concerned or the results of DZ PRIVATBANK or IPConcept.