

# IRE AIFM HUB

## Remuneration policy

**UPDATE**

April 2020

---

<b>Policy Owner</b>	Conducting Officers
<b>Policy Approver</b>	Board of managers

<b>Date of issue</b>	<b>Version</b>	<b>Name</b>	<b>Title</b>
April 2020	1	David Luksenburg/Michel Batter	Conducting officers

## Table of Contents

<b>1. Introduction</b> .....	4
<b>2. Purpose</b> .....	4
<b>3. Scope</b> .....	5
<b>4. Identified Staff</b> .....	5
<b>5. Remuneration</b> .....	5
<b>5.1. Members of the board of managers</b> .....	5
<b>5.2. Remuneration of other <i>Identified Staff</i></b> .....	6
<b>5.3. Remuneration in control and compliance functions</b> .....	6
<b>6. Governance and Oversight</b> .....	6
<b>6.1. Board of managers</b> .....	6
<b>6.2. Control and Compliance</b> .....	7
<b>7. Fixed versus variable remuneration of <i>Identified Staff</i></b> .....	7

## 1. Introduction

---

This remuneration policy (the “Remuneration Policy”) has been issued and approved by the board of managers of IRE AIFM HUB (the “AIFM”). It purports to fulfill the requirements of Article 12 and Annex II of the Law of 12 July 2013 on alternative investment fund managers (the “AIFM Law”). It applies to all employees of the AIFM and covers different types of foreseeable remuneration (please refer to the section 6. “Fixed versus variable remuneration of *Identified Staff*”). However, some elements of the policy are applicable only to the *Identified Staff* of the AIFM. *Identified Staff* may not be direct employees of the AIFM.

*Identified Staff* means:

- (i) Board of managers of the AIFM;
- (ii) Senior management of the AIFM;
- (iii) Staff responsible for control and compliance functions (including internal audit, risk management, compliance functions);
- (iv) Staff responsible for heading the portfolio management, administration, marketing, human resources; and
- (v) Staff members whose professional activities materially influence the risk profile of AIFM or the alternative investment funds (the “AIFs”) under management.

In accordance with the Guidelines 2013/232 on sound remuneration policies under the AIFMD issued by ESMA<sup>1</sup> (the “ESMA Guidelines”), the AIFM intends to apply the proportionality principle and to disregard retention and deferral rules as set-forth under Annex II of the AIFM Law.

The present Remuneration Policy has to be reviewed at least annually by the board of managers of the AIFM, who is responsible for its implementation.

## 2. Purpose

---

As a financial services firm, intellectual capital drives our business forward. One of our greatest assets is the collective skill, experience and efforts of our employees. We compete for professional talent with a large number of financial services companies, and to achieve our long-term strategic priorities, it is critical that we are able to attract, retain and motivate talented professionals who are committed to these priorities.

The purpose of this remuneration policy is to ensure that the remuneration of our employees is consistent with and promotes sound and effective risk management, discouraging risk-taking that is inconsistent with the risk profiles, rules or instruments of incorporation of each AIF under management.

The policy focuses on ensuring sound and effective risk management through:

- A stringent process for setting goals and communicating these goals to employees;
- Including both financial and non-financial goals in performance and results assessments;

---

<sup>1</sup> European Securities and Markets Authority

## Remuneration Policy

- Ensuring fixed remuneration forms a significant proportion of total remuneration; and
- Ensuring that variable remuneration structures for *Identified Staff* do not reward excessive risk-taking by appropriately aligning these remuneration structures with the requirements of the AIFM Law and applicable Luxembourg Law.

### 3. Scope

---

The scope of the remuneration policy shall be adjusted when additional personnel, whose professional activities materially impact the risk profiles of the AIF that AIFM manages, will be involved in the business of AIFM.

### 4. Identified Staff

---

Pursuant to Article 12 of the AIFM Law and the ESMA Guidelines, the present remuneration will apply to staff whose professional activities materially impact the risk profiles of AIFM or of the AIFs it manages.

AIFM staff are not all employees so that the present remuneration policy particularly applies to:

- (i) the members of the board of managers of AIFM,
- (ii) the senior managers of AIFM (conducting officers),
- (iii) the staff responsible for heading the portfolio management, administration, marketing, human resources,
- (iv) Staff involved in the control and compliance functions (internal audit, risk management, compliance functions, etc.);
- (v) other staff whose professional activities may significantly influence the AIFM's risk profile or the risk profile of the AIFs it manages (AIFM delegates).

### 5. Remuneration

---

In accordance with Article 10 of the ESMA Guidelines, the remuneration covered by the present policy consists of:

- (i) fixed remuneration of the above *Identified Staff*;
- (ii) variable remuneration of the above *Identified Staff*. Guaranteed variable remuneration is exceptional, and occurs only in the context of hiring new staff and is limited to the first year;

More specifically, the following criteria and guidance will apply to the different categories of staff:

#### 5.1. Members of the board of managers

- (i) All AIFM' board members are considered as *Identified Staff* under the AIFM Law. Variable remuneration appropriate to the performance of board duties is subject to the remuneration rules of the AIFM Law and applicable guidelines from the European Securities and Markets Authority ("ESMA") and from the *Commission de Surveillance du Secteur Financier* ("CSSF").
- (ii) Detailed application of the remuneration rules may vary at an individual level and shall be communicated directly to each of the *Identified Staff*.

- (iii) External consultants to the AIFM’s board of managers shall be remunerated according to a fixed fee that is set at a level comparable with equivalent market levels reflecting the qualifications and contribution required in view of the AIF’s complexity and the extent of their responsibilities. No pension contributions are payable on this fixed fee. They receive no variable remuneration that would pose any incentive effect.

## 5.2. Remuneration of other *Identified Staff*

- (i) When determining *Identified Staff*, AIFM has a robust process including input from HR, senior management, compliance, administration, marketing and from other staff whose professional activity may significantly influence the AIFM’s risk profile or the risk profile of the AIFs it manages.
- (ii) Along with AIFM’ board of managers, other *Identified Staff* includes senior management who are responsible for overseeing the activities of AIFM, and any other staff members whose professional activities are deemed to exert a material influence on the risk profile of the AIFM and/or its AIFs under management.
- (iii) A portion of variable remuneration for each *Identified Staff* that is applicable to the performance of AIFM duties is subject to the remuneration rules specifically outlined in the AIFM Law and associated ESMA and regulatory guidance.
- (iv) Detailed application of the remuneration rules may vary at an individual level and shall be communicated directly to each member of the *Identified Staff*.

## 5.3. Remuneration in control and compliance functions

- (i) The amount of any incentives available for distribution to control functions is not determined by the performance of AIFs under management. Decision making regarding remuneration for employees in control functions is approved solely by AIFM’s board of managers. Any variable remuneration (if any) is based on function-specific objectives and is not determined solely by the AIFM-wide performance criteria.

## 6. Governance and Oversight

---

### 6.1. Board of managers

AIFM’s board of managers will be in charge of the design, approval and oversight of the implementation and the updating of the Remuneration Policy.

The AIFM’s board of managers will set the general remuneration philosophy of AIFM. It will adopt the present Remuneration Policy that is set in accordance with the remuneration philosophy of AIFM and is designed to ensure compliance with CSSF requirements as established under Circular 10/437 of 1<sup>st</sup> February 2010 (“Guidelines Concerning Remuneration Policies in the Financial Sector”) and the requirements of the AIFM Law and applicable Luxemburg Law. The AIFM board of managers shall be composed of 1 independent member who approves the remuneration policy, formally confirming that AIFM’s remuneration policy is in line with AIFM’s long-term strategy and may effectively prevent potential conflicts of interests. Potential remuneration of AIFM’s managers shall not be directly linked to the performances of the AIFs under management (no performance fees or carried interests schemes foreseen). Managers’ remuneration (if any) will be reviewed and approved at least on an annual basis by the AIFM general meeting of shareholders.

## 6.2. Control and Compliance

- The risk manager will report on how the variable remuneration structure (if any) affects the risk profile of the AIFs under management.
- The remuneration of senior officers or consultants in the internal audit, risk management and compliance function (the “Control and Compliance Function”) of AIFM will be directly overseen by the AIFM’ board of managers. The remuneration will be directly linked to the achievements of clear and pre-defined objectives in relation with the control and compliance function, and shall not be in any case linked to the performance of the AIFs under management. Fixed fees will represent at least 80% of the total remuneration of the AIFM staff involved in the Control and Compliance Function. The AIFM’s compliance officer will analyse and periodically review (at least on an annual basis) how the remuneration structure affects the AIFM’s compliance with legislation, regulations and internal policies.
- The internal auditor will periodically audit (at least on an annual basis) the design, implementation and effects of the remuneration policies and circulate its conclusions to the AIFM board of managers.

## 7. Fixed versus variable remuneration of Identified Staff

The fixed and the variable remuneration of AIFM *Identified Staff* will be paid in accordance with the risk alignment requirement in the ESMA Guidelines. AIFM shall ensure that the remuneration is considered in a multi-year business plan complying with the best interest of the AIFs it manages. The fixed and the variable remuneration of AIFM *Identified Staff* shall not encourage excessive risk taking compared to investment policies of AIFs.

Ex-ante risk adjustment: AIFM will make qualitative risk adjustments when determining individuals’ remuneration through assessments that may explicitly include risk and control considerations such as compliance breaches, risk limit breaches and internal control breakdowns (e.g. based on internal audit results) achievement of strategic targets, satisfaction of investors, leadership, management, team work, creativity and cooperation with other business areas. No “Golden Parachute” will be granted.

An external consultant, whose professional activities have a material impact on the risk profiles of the AIF managed and on control functions, are remunerated via a fixed fee that is set at a level comparable with equivalent market levels. They receive no variable remuneration that would pose any incentive effect.

The Remuneration components in the context of this policy will be a balanced mix of:

- Fixed Remuneration<sup>2</sup> – including base salary, pension and other corporate benefits; and
- Variable Remuneration<sup>3</sup> – performance-based remuneration

Any AIFM staff member will be required not to use personal hedging strategies or remuneration-related and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements, especially relating to the variable part of their remuneration packages.

<sup>2</sup> The fixed component should represent a sufficiently high proportion of total remuneration.

<sup>3</sup> In any case, the AIFM will prevent payment of variable remuneration through vehicles or techniques that facilitate the avoidance of the requirements set in ESMA Guidelines

## Remuneration Policy

The following table describes each component of our compensation program for employees as well as its purpose and key measures:

Remuneration Type	Pay Element	What It Does	Key Measures
<b>Fixed</b>	Base salary	<ul style="list-style-type: none"> <li>Provides competitive fixed pay at a level sufficient to operate a fully flexible policy with regards to variable remuneration components</li> </ul>	<ul style="list-style-type: none"> <li>Experience, duties and scope of responsibility;</li> <li>Internal and external market factors;</li> <li>Reviewed annually and potentially increased where budget set by AIFM board of managers allows, and where market positioning does not already align with individual performance.</li> </ul>
	Retirement & Other Benefits	<ul style="list-style-type: none"> <li>Assists employees with retirement and provides insurance coverage and other corporate benefits</li> </ul>	<ul style="list-style-type: none"> <li>All employees are eligible to participate in benefit provisions</li> <li>Pension benefits shall consider AIFM annual financial results and progress against long-term strategic objectives.</li> <li>Discretionary pension benefits will be vested for a period of 5 years in case of employee's departure before retirement.</li> </ul>
<b>Variable</b>	Annual cash bonus	<ul style="list-style-type: none"> <li>Provides a competitive annual incentive opportunity</li> <li>Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year;</li> </ul>	<ul style="list-style-type: none"> <li>Based upon the AIFM annual financial results and progress against long-term strategic objectives. AIFM will have the option to pay no variable component.</li> <li>Allocations for each business area may be adjusted based on an assessment of financial and strategic achievements of each business area</li> </ul>



	Annual stock / fund deferral award	<ul style="list-style-type: none"> <li>• Provides a competitive annual incentive opportunity</li> <li>• Aligns employee with shareholder / investor interests</li> <li>• Encourages retention by vesting in annual increments over four years</li> </ul>	<ul style="list-style-type: none"> <li>• Based upon AIFM annual financial results and progress against long-term strategic objectives. AIFM will have keep the option to pay no variable component.</li> <li>• Allocations for each business area may be adjusted based on an assessment of financial and strategic achievement of each business area</li> <li>• Applies to investment professionals, employees earning higher levels of remuneration and <i>Identified Staff</i></li> </ul>
	Long-term equity awards	<ul style="list-style-type: none"> <li>• Recognises long-term potential for future contributions to company's strategic objectives</li> <li>• Aligns employee with shareholder interests</li> <li>• Encourages retention by vesting in annual increments over four years</li> </ul>	<ul style="list-style-type: none"> <li>• Based upon AIFM annual financial results and progress against long-term strategic objectives. AIFM will have keep the option to pay no variable component</li> <li>• Applies to employees with long-term potential to contribute to company's strategic objectives</li> </ul>