



Applicable entity/entities:
Waystone Management Company (Lux) S.A.

Policy: Remuneration

June 2024

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1. Introduction

As per relevant requirements on remuneration aspects prescribed by both the UCITS Law and the AIFM Law and their subsequent regulations, as well as guidelines and circulars at European and Luxembourg levels, Waystone has adopted relevant internal arrangements as further described in this remuneration policy (the “**Policy**”).

2. Entity Background

Waystone Management Company (Lux) S.A. (hereafter “**Waystone**” or the “**Company**”) is a management company of undertakings for collective investment in transferable securities (hereafter “**UCITS**”) pursuant to Chapter 15 of the Law dated 17 December 2010 relating to undertakings for collective investments, as amended from time to time (the “**UCITS Law**”) and is also an alternative investment fund manager (hereafter “**AIFM**”) pursuant to Chapter 2 of the Law dated 12 July 2013 relating to AIFMs, as amended from time to time (the “**AIFM Law**”).

3. Applicable Legislation and/or Regulatory Requirements

The Policy has been developed in consideration of relevant legal and regulatory sources, including but not limited to:

- Law of 12 July 2013 on alternative investment fund managers (the “AIFM Law”).
- Law of 17 December 2010 (in particular, its arts. 111a and 111b) relating to undertakings for collective investment (the “UCITS Law”).
- Circular CSSF 23/841 on the application of the Guidelines of the European Securities and Markets Authority on certain aspects of the MiFID II remuneration requirements (ESMA35-43-3565).
- Circular CSSF 22/797 regarding the application of the Guidelines of EBA on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04).
- Circular CSSF 18/698 on authorisation and organisation of investment fund managers incorporated under Luxembourg law.
- Circular CSSF 10/437 containing Guidelines concerning the remuneration policies in the financial sector.
- Annex II of the EU Directive 2011/16/EU on Alternative Investment Fund Managers.
- AIFMD Delegation Regulation (EU) 231/2013, the Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and the EU Directive 2013/36/EU (CRD IV).
- ESMA guidelines on sound remuneration policies under the AIFMD, as amended from time to time (ESMA/2013/232 as amended by ESMA/2016/579).
- ESMA guidelines on sound remuneration policies under the UCITS Directive, as amended from time to time (ESMA/2016/575).
- EU Directive 2014/91/EU (the “UCITS V Directive”).
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and regulatory guidance published by relevant authorities in relation to it.

4. Purpose and Scope

The purposes of the Policy are to:

- ensure that Waystone's remuneration structure is in line with the business strategy, objectives, values, and interests of Waystone (while acting as an UCITS management company as well as an AIFM) and the interests of the collective investment schemes ("CIS") it manages as well as the interests of those CIS' investors.
- not encourage risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes Waystone manages nor impair compliance by Waystone with the obligation to act in the best interest of the collective investment schemes it manages.
- ensure consistency with and promotion of sound and effective risk management to avoid excessive risk taking, including sustainability risk aspects.
- avoid or manage conflicts of interest.

The ESMA guidelines on sound remuneration policies under AIFMD as well as the recital 66 of the CRD IV reflect the principle of proportionality: *"The provisions of this Directive on remuneration should reflect differences between different types of institutions in a proportionate manner, taking into account their size, internal organisation and the nature, scope and complexity of their activities. In particular it would not be proportionate to require certain investment firms to comply with all of those principles."*

In addition, the ESMA guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) also confirm that *"In taking measures to comply with the remuneration principles management companies should comply in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities"* and provide further clarification on the criteria of size, internal organisation, nature, scope and complexity of activities to be assessed from a proportionality perspective.

The remuneration committee of Waystone (the "**Remuneration Committee**"), composed by non-executive members of the Board of Directors of Waystone (the "**Board**"), is responsible for assessing the proportionality of the remuneration principles applied within Waystone and by its delegated investment managers and portfolio managers who are not subject to equivalent remuneration principles by law. Please refer to section 8 hereafter for further information in that respect.

Regarding its scope, this Policy applies to the following persons (having a material impact) on Waystone and the collective investment schemes it manages:

- The conducting officers of Waystone and the members of Waystone's executive committee.
- Waystone staff members whose professional activity carried out individually or within a group (such as a department or a division of a department) has, or is likely to have, a material impact on the risk profile of Waystone or of the collective investment schemes it manages (e.g., the Business Development team and the Portfolio Management team).
- Waystone staff members who carry out independent control functions (e.g., functions of compliance and risk management).

The Policy further applies to those members of Waystone Group working for any of its entities other than the Company, to whom the above listed persons have reporting duties.

The members of the Board are out of scope as their remuneration is either fixed or they are not remunerated for their function as board member.

Regarding the CIS serviced by the Company, this Policy shall serve as a guiding framework for investment managers of UCITS and portfolio managers of AIFS, ensuring consistency and alignment of interests across the delegated functions. Those appointed investment managers and portfolio managers are contractually required to implement their own remuneration policies that abide by the principles herein and comply with the applicable regulatory requirements.

Appendix 3 of this Policy lists the roles within Waystone which are in scope of this Policy.

5. Policy

The remuneration offered by Waystone to its employees encompasses fixed and variable components which are agreed between the Company and each employee through the employment agreements signed by both parties.

While the fixed component of the remuneration is established *ab initio* (i.e., at the beginning of the employment relationship), it shall vary according to the terms defined in the Luxembourg Labour Law, and throughout the employee's career within Waystone based on the employee's progression and evolution of her/his/their role and responsibilities.

Likewise, the variable component of the remuneration is also likely to change from one year to another depending on the assessment of the employee's performance.

This Policy establishes hereunder the process for determining that variable element.

a. Variable component of the remuneration at Waystone

The variable component of remuneration should always be reasonable compared to the fixed component of the remuneration.

- Remuneration to be applied shall always provide for appropriate balance between the fixed and variable remuneration components and should be in line with the business strategy, objectives, values and interest of Waystone.
- The variable component of the remuneration should not, in principle, exceed 100 % of the annual gross salary of the employee. Exceptions to this rule may be possible subject to the approval of the Remuneration Committee.

Waystone does not provide guaranteed variable remuneration, except possibly when hiring a highly qualified new staff member ("sign-on bonus").

- In such a case, the Remuneration Committee will set the terms and conditions of such exceptional guaranteed bonus limited to the first year of employment.

The Board shall ensure that Waystone's financial situation will not be adversely affected by:

- (i) the overall pool of variable remuneration that will be awarded, and

- (ii) the amount of variable remuneration that will be paid or vested. In the event Waystone becomes unable to maintain a sound financial situation, it will revise the variable remuneration in order to reduce it.

b. Performance assessment at Waystone

The total amount of remuneration is based on a combination of the assessment of: (1) the performance of the individual, (2) the business unit concerned, and (3) the overall results of Waystone.

The Executive Committee (and, as the case may be, the Remuneration Committee) defines the financial and non-financial criteria to assess the performance of the individual, including sustainability risk factors criteria.

- Therefore, Waystone, via its Executive Committee, define additional risk indicators to assess the sustainability risks regarding variable elements of remuneration. These risk indicators can be quantitative or qualitative and shall reflect the relevant environmental, social and governance aspects as well as the principal adverse impacts. The risk indicators are set so that the structure of remuneration does not encourage excessive risk taking with respect to direct or indirect sustainability risks.

The performance assessment of the Executive Committee members is conducted by the CEO under the supervision of the Remuneration Committee.

- Such a performance assessment is conducted on an annual basis, it being understood that if need be and only in exceptional cases to be duly justified, the assessment of the performance of a given staff member may be set on a multi-year framework.

In case of early termination of the employment contract of a given staff member, payment shall be related to performance achieved over time and designed in a way that does not reward failure. Any payment related to the early termination of an employment contract will be pro-rated to reflect the performance of that individual over time.

Waystone may perform an “*ex post* risk adjustment” of the variable remuneration, in presence of certain factors (such as, but not limited to, evidence of misbehaviour or serious error by the person in scope; significant downturn in the financial performance or a significant failure of risk management in Waystone or in its relevant business unit; significant change in Waystone’s financial situation and in general when the bonuses have been based on fraudulent data) which may lead to the reimbursement (“clawback”) or the total or partial cancellation (“*malus*”) of bonuses awarded to the person in scope.

Bonus shall not be offered if they cause conflicts of interest, specifically regarding the ability of Waystone to have sound risk management and clients’ and investors’ protection principles in place.

The variable component of the remuneration, as well as the fixed component, are assessed *in persona*, *i.e.*, related to the assessment of the concerned person’s performance, and the Remuneration Committee ensures that such components are not dependent or influenced by other factors, namely by gender, nationality, religious choice, sexual or political orientation.

- Waystone is committed to promote abrogation of gender pay gap among its staff members, as per the sound remuneration principles adopted by Waystone Group (the “Group”).

The adherence to the Group principles in terms of remuneration is overseen by the Group's Remuneration Committee.

c. Appointed AIFs' Portfolio Managers and UCITS Investment Managers

Any third-party entity appointed as Portfolio Manager (the "PM") of an AIF or as Investment Manager (the "IM") of an UCITS managed by Waystone must demonstrate that it has adopted a remuneration policy applicable to its staff and senior management and that such policy is subject by law to equivalent remuneration requirements and principles as defined either (i) in Annex II of the EU Directive 2011/61/EU on Alternative Investment Fund Managers for portfolio managers of AIFs (as well as in the AIF Law) or (ii) in article 1 (1) of the EU Directive 2014/91/EU for investment managers of UCITS (as well as in the UCITS Law).

Such delegates may also have to demonstrate relevant inclusion of sustainability risk factors criteria in their remuneration policy.

Waystone has the right to be provided with such remuneration policy upon request, or alternatively, to the extent that Waystone is legally required to ensure compliance of its delegates with applicable laws and regulations, request the relevant PM or IM to provide a written certification that its remuneration policy is in line and equally as effective as this Policy and with applicable laws and regulations. As another alternative, Waystone may request to be provided with an appropriate written confirmation and/or relevant documents and information from the relevant PM or IM for the purpose of assessing the applicability of the proportionality principle to such appointed delegate.

d. Benefits and Compensation Management

The Board has the ultimate responsibility for all aspects of management that are not specifically reserved to the shareholders (whether by constitutive documents or applicable law). Notwithstanding, the management of concrete benefits and compensation attributed by the Company to any of its employees is managed by the People and Development Department, that provides periodical reports to the Company's Executive Committee and Board of Directors.

6. Conflicts of Interest

Possible conflicts of interest, as well as the criteria for the identification of conflicts of interests and the measures to be adopted to avoid or to manage conflicts of interest, are described in further detail in the Company's Conflict of Interest Policy.

7. Terms of Reference of the Remuneration Committee

a. Introduction

The Remuneration Committee is a standing committee of the Company's Board.

The purpose of the Remuneration Committee is to exercise competent and independent judgment on the remuneration policy and on its implementing practices and incentives created for managing risk, capital, and liquidity.

When preparing such decisions, the Remuneration Committee shall consider:

- ❖ the long-term interests of Waystone's investors; and
- ❖ applicable legal and regulatory requirements as listed in section II of this Policy.

The final decisions are taken by the Board.

b. Membership

The Chair and the members of the Remuneration Committee shall be members of the Board who do not perform any executive function in Waystone.

The following persons have been appointed:

- Rachel Wheeler – Chairperson of the Remuneration Committee
- Tim Madigan.

c. Duties and Powers

The Remuneration Committee shall be responsible for the preparation of decisions regarding remuneration. The decisions are taken by the Board in its supervisory function.

The Remuneration Committee shall in particular:

- Oversee the implementation of this Policy and of its principles in a way that is proportionate to the size and internal organisation of Waystone and to the nature, scope and complexity of its activities, in line with generally accepted market practices.
- Define the financial and non-financial criteria, *i.e.*, the parameters to assess the performance of an individual in scope of this Policy, including therein sustainability risk factors criteria.
- Conduct the assessment of the Chief Executive Officer's performance, as well as that of any other employee whose variable remuneration exceeds 100% of its fixed remuneration.
- Assess whether the variable remuneration is (not) paid through vehicles or methods that facilitate the avoidance of the principles of this Policy.
- Assess the efficiency of this Policy and propose changes (if and when required).

The assessment of the proportionality of the remuneration principles applied within Waystone is performed by the Remuneration Committee by considering objective criteria, particularly for the variable elements of the remuneration, which should always be reasonable compared to the fixed component of the remuneration on basis of the practical approach and objective criteria contained in section 5 above.

The remuneration principles in place at Waystone mainly consider the performance of the relevant individuals. This approach is not fully correlated to the performance of the funds managed or other purely economic criteria, and is deemed appropriate to the size, organisation and the nature, scope, and activities of Waystone as a third-party management company.

d. Frequency of the Committee's Meetings

The Remuneration Committee shall convene on a bi-annual basis and on an *ad hoc* basis when required, *e.g.*, when employing a staff member and determining to guarantee variable remuneration.

8. Waystone Group Remuneration Committee

It shall also be noted that Waystone is, since 2020, part of the “Waystone Group” composed of other regulated entities that are also subject to similar requirements pertaining to their remuneration framework. The overarching guidelines for remuneration across the different entities composing the Waystone Group are decided by the Group’s Remuneration Committee.

Accordingly, and from a sound governance perspective at group level, the Waystone Group has established a Group Remuneration Committee at parent company level, which is responsible for setting remuneration for all executive directors and other key senior management representatives, and reviews the remuneration of all Waystone Group employees, in particular for those entities that did not yet consider the implementation of a dedicated remuneration committee as absolutely necessary.

This Group Remuneration Committee applies principles contained in the ESMA guidelines on sound remuneration policies under the AIFMD, as amended from time to time (ESMA/2013/232 as amended by ESMA/2016/579) and the ESMA guidelines on sound remuneration policies under the UCITS Directive, as amended from time to time (ESMA/2016/575).

Given the presence of the Group Remuneration Committee at the level of ultimate parent of Waystone, and taking into account the fact that the Board previously decided to establish the Remuneration Committee by virtue of the size, internal organisation and the nature, scope and the complexity of the activities performed by Waystone, the Board would also, with a view to ensure a consistent approach to remuneration aspects at Group level while keeping in place the existing approach based on Luxembourg requirements and practices, take good note of decisions made by the Group Remuneration Committee when formalising final decisions at the level of the Company related to remuneration on a reasonable and justified basis, and reviews and ratifies these decisions from a Luxembourg regulatory and corporate governance perspective standpoint unless otherwise provided.

9. Policy’s Monitoring and Review

Updates to this Policy are the responsibility of the People & Development department. They are formally assisted in the update process by the Compliance Function.

As per the Waystone Group Policy on the Use of Policies and Procedures, all policies of Waystone Group entities are subject to at least annual review and approval by the Board of Directors of the Entities to which those policies apply.

10. Disclosures to Investors & Third Parties

The disclosure of certain relevant information on this remuneration policy is required by the Circular CSSF 10/437. According to this circular, the Company can choose from: 1) an independent remuneration policy statement, 2) a periodical disclosure in its annual financial statements, or 3) any other form (that allows that relevant information to be known by the concerned addressees).

The Circular CSSF 10/437 further details¹ the information considered to be relevant, and thus, necessary to be disclosed. In accordance with the previous paragraph, the Company has prepared a remuneration policy statement which takes into consideration the nature, the size, and the scope of the Company's business activities. Appropriate information shall also be made available for financial reporting purposes (*i.e.*, inclusion of a remuneration disclosure based on overall figures and other practical items) both at the level of Waystone and of the funds it manages.

Waystone also discloses the essential elements of its remuneration policy in its website and updates it upon each review of this Policy.

¹ In Point 3.2, Section III, of the Circ. CSSF 10/437.

Appendix 1 – Glossary of Terms and Acronyms

Acronym/Term	Definition
EBA	European Banking Authority
ESMA	European Securities Market Authority

Appendix 2 – Responsibility Matrix

Requirement	Responsible	Accountable	Support	Consulted	Informed
Implementation of Remuneration Policy	People & Development	HR Business Partner – Continental Europe	Compliance	Remuneration Committee	Board & Executive Committee Group Chief People Officer
Disclosure of essential elements of remuneration policy	People & Development	HR Business Partner – Continental Europe	IT	Compliance	Board, Executive Committee & Group Chief People Officer

Appendix 3 – Roles in scope

- Chief Executive Officer
- Chief Operating Officer/Head of Business Operations
- Head of Legal Department
- Members of the Business Development Department
- Head of Portfolio Management Department
- Financial Director
- Permanent Risk Officer (or permanent representative of the Risk Management function at the level of the Executive Committee)
- Head of the Compliance Department
- Any other Conducting Person of Waystone who is not listed above.

Appendix 4 – Version Control History

Version #	Major/Minor/Annual Review	Updated By	Review Date	Approved By	Approval Date	Reason for/Explanation of Changes
1.0	Major	HR & Compliance	Jan.2021	Board of Directors	Feb.2021	Adoption of local Policy taking into account regulatory framework and Group principles on sound remuneration
1.1	Annual Review	HR & Compliance	Jul.2022	Board of Managers	Aug.2022	Annual review
2.0	Annual Review/ Minor	P&D & Compliance	Sep.2023	Board of Directors	Oct.2023	Annual review. Introduction of abrogation of gender pay gap. Update to Remuneration Committee composition
2.1	Annual Review/ Minor	People & Development and Compliance	June 2024	Board of Directors	September 2024	Annual review. Clarification of policy's ownership (following Internal Audit recommendation) and review of section on policy's disclosure.