

# Simpel SA

## Remuneration policy

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V1	1.12.2020	Remuneration policy	Conducting Officers	Board

References	Description
Annex I	List of Identified Staff
Annex II	Analysis proportionality principle

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## 1. Glossary

Term	Description
Board	Board of Directors of the Company
Company	Simpel SA
Control Functions	Staff (other than Senior Management) responsible for risk management, compliance, internal audit, and similar functions within the Company
Identified Staff	Categories of Staff whose professional activities have a material impact on the Company's risk profile or the risk profiles of the Funds that it manages
Remuneration	All forms of remuneration consisting of <ul style="list-style-type: none"> <li>• payments and benefits paid by the Company;</li> <li>• any amount paid by the Funds itself; and</li> <li>• any transfer of units of Funds</li> <li>• in exchange for professional services rendered by the Staff</li> </ul>
CSSF	Commission de Surveillance du Secteur Financier, the Luxembourg prudential authority
Investors	The investors of the Funds
Policy	The present remuneration policy, as amended from time to time
Senior Management	The persons responsible for the management of the Company, authorised by the CSSF, also known as "Conducting Officers"
Staff	Any employee of the Company or any person being paid directly or indirectly by the Company and/or Funds it manages
Funds	Undertaking for Collective Investment in Transferable Securities, as defined under Article 2(2) of the UCITS Law, managed by the Company

## 2. Applicable regulation

Laws	Luxembourg Law of 17 December 2010 on Undertakings for Collective Investments (the "UCITS Law")
Regulations	CSSF Regulation N° 10-04 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company

Circulars	CSSF Circular 12/546 on the authorisation and organisation of Luxembourg management companies
Guidelines	Guidelines on sound remuneration policies under the UCITS directive (ESMA/2016/575)
Q&A	ESMA Questions and Answers on the application of the UCITS Directive, dated 5 October 2017 (ESMA34-43-392)

### 3. Purpose and scope of the Policy

The Company must establish a remuneration policy (the “Policy”) and any subsequent measures which provide principles and guidelines (hereafter referred to as the “Remuneration Requirements”) aiming at ensuring that

- the Policy is in line with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, management regulations or instruments of incorporation of the Funds;
- the Staff is appropriately compensated for the services rendered to the Company;
- the Staff is motivated to perform in the best interest of the Company and the Funds; and
- remuneration is determined with a view to ensure consistency across the Company and compliance with regulations and law applicable to the context in which the Company operates.

### 4. Governance of remuneration

Responsibility for oversight of the implementation and supervision of the Policy lies with the Board. No amendment to or exception from this Policy should be made without the approval of the Board.

The Board is responsible for

- overseeing effective implementation of the Policy with an emphasis on ensuring that the Company’s remuneration practices and arrangements align with appropriate risk taking and the Company’s and Group’s business strategy, objectives, values and long-term interests including those of the Funds and their Investors, and the avoidance of conflicts of interest;
- ensuring that the Policy ensures consistency with and promotion of sound and effective risk management and the avoidance of the encouragement of risk taking that exceeds the level of tolerated risk of the Company or of the Funds and their Investors;
- reviewing and monitoring the Company’s strategy as it relates to remuneration for all employees including, but not limited to, decisions related to pay mix (fixed versus variable remuneration) and decisions related to the risk-balancing of variable remuneration arrangements; and
- supervising the Policy, including reviewing of changes to the methodology and drafting reports on the effectiveness of the variable remuneration arrangements.

The Board will take into account the long-term interests of Investors and other stakeholders and the public interest in its deliberations on the Company’s remuneration arrangements.

Implementation of this Policy will be subject to at least annual central and independent review for compliance and the Policy will include a review at least annually by the Board to assess:

- the Policy's general principles;
- whether it operates as intended; and
- whether it remains compliant with the Remuneration Requirements.

Compliance with the Policy may also be the subject to compliance monitoring from time to time by the compliance officer.

The Senior Management is responsible for

- implementing the Policy according to the general principles adopted by the Board; and
- the organisation of the annual review of the Policy.

The Company ensures that the remuneration of the Staff is appropriate to their responsibilities, expertise, tasks and powers.

## 5. Application and proportionality

For the purposes of Policy, remuneration consists of all forms of payments or benefits made directly by, or indirectly, but on behalf of, the Company, in exchange for professional services rendered by the Company's employees. Remuneration can be divided into

- fixed remuneration (payments or benefits without consideration of any performance criteria); and
- variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

Parts of the Policy apply to all employees of the Company and additional parts only apply to Identified Staff.

Identified Staff comprise:

	Description	Who?
1.	Board	The directors of the Company
2.	Senior Management	The persons who effectively conduct the business of the Company
3.	Risk Takers	<ul style="list-style-type: none"> <li>• Staff members at the Company whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the Company's risk profile or on any Fund it operates</li> <li>• Staff members at a delegate of the Company whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the Company's risk profile or on any Fund it operates</li> </ul>

4.	Control functions	Includes staff (other than Senior Management) responsible for risk management, compliance, internal audit and similar functions within the Company
5.	Other function heads	Staff responsible for heading portfolio management, administration, marketing, human resources
6.	Employees receiving similar remuneration to Senior Management and Risk Takers	<ul style="list-style-type: none"> <li>Any employee within the Company who receives total remuneration that takes them into the same bracket as Senior Management and Risk Takers</li> <li>Any employee of a delegate of the Company or any of its delegates who receive total remuneration that takes them into the same bracket as Senior Management and Risk Takers.</li> </ul>

A list of all current Identified Staff is maintained by the Board.

The Remuneration Requirements include certain measures capable of disapplication or proportionate implementation. Subject to any applicable regulatory obligations, and to the Company's circumstances from time to time, it is the Company's intention to make use of such proportionality. In particular, the Company will have regard as to what extent some of the Remuneration Requirements can be disapplied in accordance with proportionality principles. The Requirements in relation to, retained units, shares or other instruments, deferral and performance adjustment of current and/or previous remuneration can be disapplied by either of the following two factors which will be considered by the Company:

- The nature, scale and complexity of the Company
- The remuneration of the individual (whether the variable remuneration is no more than 33% of the total remuneration and whether the total remuneration is no more than EUR 600,000)

The Remuneration Policy and the subsequent measures have been drafted taking into account the Company's size, internal organization, nature, scope and complexity of activities performed.

The Company operates a focused business and operating model. For the foreseeable future, the Company will only offer one line of business: Basic Equity Savings Offering („BESO"). Funds used for BESO follow a detailed portfolio management process laid out in the Company's portfolio management policy. The Company has a lean operation with only one Risk Taker, the Conducting Officer responsible for portfolio management. See also Annex II.

The Company has thus decided to opt for the application of the proportionality principle and will thus not to implement the following listed requirements:

- Setting up of a remuneration committee
- Payment of at least 50% of the variable component in financial instruments, and subsequent retention policy
- Deferral of at least 40% of the variable part of the remuneration
- Ex-post risk adjustment for the variable remuneration.

The Remuneration Policy is fully aligned with the business strategy, objectives, value and interests of the Company and of the Funds it manages, as well as of the Investors of its Funds, and includes measures with the purpose of avoiding potential conflicts of interest.

## **6. Corporate Practices and requirements applicable to employees**

The Board will review the ratio between fixed and variable components of total remuneration to ensure its alignment with the Remuneration Requirements.

### **6.1 Base salary / fees**

Base salary and fees will be set by the Board and in accordance with the business requirements of the Company. Consideration will be given to any increased risk in the business and how this remuneration would be linked to the risk of the business.

### **6.2 Bonus**

Bonuses will be set by the Board and in accordance with the business requirements for the role. Consideration must be given by the business to the Remuneration Requirements noting that guaranteed variable remuneration is not necessarily permitted, except in exceptional circumstances and will be subject to certain restrictions. All bonus targets must be documented and available for inspection if required.

### **6.3 Employer Pension Contributions**

These will be set in accordance with employees' terms and conditions. These contributions are a fixed component of total remuneration.

### **6.4 Allowances**

These will be set in accordance with employees' terms and conditions. These allowances are a fixed component of total remuneration.

### **6.5 Retention Pay**

Any retention pay for staff must comply with the Remuneration Requirements and may require prior guidance by the CSSF and therefore approval will need to be sought from the Board prior to any awards being agreed. Retention awards for all staff must be documented appropriately and available for inspection if required.

### **6.6 Severance Payments**

Payments on exiting the business, in particular in relation to pension arrangements, must also be in line with the Remuneration Requirements as well as complying with employment legislation. Consideration must be given to the timing of such payments and deferrals may be required to ensure that there is no breach of the Remuneration Requirements.

### **6.7 Hedging**

Hedging or the entering into any arrangements with a third party whereby that party makes any remuneration payments to staff such that it falls outside the remuneration of that member of staff for purposes of the Remuneration Requirements, is not permitted. This includes the use of remuneration or liability related insurance to undermine the Policy's risk alignment effects. Any instances of this must be reported to the Board immediately.

## 6.8 Principles

In respect of all staff, the Company's remuneration arrangements are based on the following principles:

- Remuneration arrangements must be based on multiple drivers of long-term business performance, including financial and non-financial risks.
- Remuneration arrangements must be consistent with, and promote, the long-term safety and soundness of the Company and the Funds, and produce outcomes that are consistent with risk outcomes. Any variable remuneration arrangement must undergo a documented risk assessment review identifying inherent risks associated with the activities subject to the arrangement and the balancing features within the arrangement specific to the risks taken.
- Remuneration arrangements must be aligned with the Company's risk appetite and the business strategy, objectives, values and interests of the Company and the Funds, and the avoidance of conflicts of interest. The remuneration arrangements must not encourage risk taking which is inconsistent with the risk profiles of the Funds. All revenue generation remuneration arrangements must be overseen by (i.e., accountable to) a member of management who does not participate in the revenue generation plan.
- Remuneration arrangements must be aligned to the risk time horizon of the activity for which the remuneration is being paid.
- Risk management and compliance must play an integral role in the design and monitoring of variable remuneration arrangements.
- The Board must have oversight of the variable remuneration strategy.
- Staff engaged in the Company's control functions (i.e. risk management, compliance, internal audit, human resources, finance and legal) are independent from the business units within the Company they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Company and its Funds and when assessing individual performance, both financial and non-financial criteria are taken into account.
- The total variable remuneration must not limit the ability of the Company to strengthen its capital base.
- Subject to any proportionality considerations, guaranteed variable remuneration is exceptional and occurs only when hiring new staff and is limited to the first year of employment.
- Fixed and variable components of total remuneration are periodically reviewed to ensure appropriate balance and the fixed component represents an appropriate 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.
- Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure.
- The measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks. The allocation of the variable remuneration components within the Company also takes into account all types of current and future risks.
- The pension policy of the Company is managed independently on a Group level.



- Staff members are prohibited from undertaking personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.
- Variable remuneration is not paid by the Company through vehicles or methods that facilitate the avoidance of the Remuneration Requirements.

## **7. Additional requirements applicable to Identified Staff**

### **7.1 Deferral**

Subject to any proportionality considerations, in respect of Identified Staff, the Company's remuneration arrangements are also based on the principle that a multi-year framework will be considered in the assessment of the Identified Staff members' remuneration in order to ensure that the assessment process is appropriately based on longer-term performance. Where appropriate, variable remuneration components may be subject to deferral over a period which takes account of the underlying business cycle of the Company, its Funds (including any recommended holding period for Investors), the Group of which it is a member, and its business risks and which reflect Remuneration Requirements obligations.

### **7.2 Performance adjustment**

The Company's remuneration arrangements allow for variable remuneration to be contracted in the event of subdued or negative financial performance by it or the Fnds. This can take into account both current compensation and previous compensation, through malus or clawback arrangements.

### **7.3 Retained units, shares or other instruments**

Subject to the application of the Remuneration Requirements obligation in relation to retained units, shares or other instruments, to any applicable proportionality considerations, in light of the legal structure and constituting instruments of its Funds, and subject to an appropriate retention policy to align incentives with the long-term interests of the Company, its Funds, and their underlying Investors, the Company may pay a substantial proportion of variable remuneration in units or shares of the Funds or equivalent ownership, share linked or non-cash instruments.

### **7.4 Long-term incentives**

Any grants of options to any long-term incentive plans will be included in the remuneration of staff each year and valued at the time of the grant. All long-term incentive plans are set on Company performance. The long term incentive plans are set at a three year performance period.

## **8. Delegates**

The Company will determine whether delegates are subject to regulatory requirements in respect of remuneration that are equally as effective as those in the Remuneration Requirements. Where a delegate is subject to the CRD and MiFID remuneration guidelines (as per the CSSF guidance) this will be taken to be as effective as the Remuneration Requirements.

All of the Company's Delegates will operate in the EU and are therefore subject to the CRD & MiFID.

## 9. Data Protection and disclosures

All Identified Staff will need to agree that details of any remuneration may be shared with the CSSF. In addition, the Company's annual report will contain certain required disclosures relating to remuneration.

The Company will arrange for the internal and external disclosure as follows, taking into account the personal data protection rules applicable as well as the proportionality principle.

### 9.1 External disclosure

#### 9.1.1 Annual report disclosure

With regards to the Funds managed by the Company, the following information must be included in the annual report:

- A description of the methods used to calculate remuneration and advantages
- The results of the review of the Policy, as well as any irregularities found
- Any important modification of the Policy

#### 9.1.2 Prospectus and website

For any Fund managed, the most important information with regards to the Policy shall also be disclosed in the prospectus and, where applicable, the website of both the Fund and the Company.

The remuneration disclosure, when possible, will report an allocation or breakdown in relation to each Fund managed by the Company and a description of how the allocation or breakdown has been performed.

### 9.2 Internal disclosure

The Company ensures that the Remuneration Policy is accessible to all Staff. The Company also ensures that at least the details externally disclosed are also revealed internally.

The criteria used to determine the Remuneration are communicated to all Staff and the appraisal process adopted is documented and transparent.

## 10. Document retention

Human resources is responsible for the retention of the following documents (electronic or hard copies):

- Copies of labour agreements between the Company and its Staff
- Copies of the appraisals for all Staff
- Copies of the decisions on allocation of variable remuneration to the Staff
- Copy of the assessment as regards the list of members of the Identified Staff

## 11. Periodic review

The implementation of this Policy will be subject, at least once a year, to a central and independent internal review, which will be organised by human resources. This periodic review shall assess if the Policy

- is operating as intended; and
- is compliant with national, international regulations principles and standards applicable to the sector within which the Company operates.

The outcome of the periodic review is properly followed up and presented to the Board.

## 12. Reporting

Annually (in December) the Company will collect details of the elements of remuneration for the Identified Staff of base salary, bonus, employer pension contributions, long term incentive schemes, and allowances (including retention payments). This will show both the year in review and the following year projections. This will be approved by the Board. All remuneration information should and will be treated as in confidence.

**Annex I: List of the Identified Staff**

1	Governing body	Thomas Niss Nikolaus Bubna-Litic Günther Ritzinger
2	Senior Management	Dr. Martin Foussek Christian McFadden

## Annex II: Analysis with respect to the application of the proportionality principle

In considering the possibility to apply the proportionality principle, the Company has considered the following criteria.

Size:

- AUM at launch: Zero
- Expected AUM after one year: EUR 50 Million
- Number of funds/sub-funds at launch: Zero
- Expected number of funds/sub-funds after one year: 3
- Number of full time employees at launch: 4
- Expected number of full time employees after 1 year: 4

Nature, scope and complexity of the activities:

- Strategies: liquid
- End-to-end operating model