Summary of Core Capital Management S.A. Remuneration Policy

Policy name	Remuneration Policy
Status	Released
Department	Management
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Former policies	6 September 2023 31 August 2022
Policy responsible	Board of Directors
Other involved departments	Compliance, Risk and Management
Version	2
Revision history	31 August 2022 - 2nd Release 6 September 2023 – yearly review of the policy 9 September 2024 – yearly review of the policy

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1. Introduction

1.1. Context

The present Remuneration Policy (hereafter, "**the Policy**"), shall give a detailed insight on remuneration practices and procedure applicable to Core Capital Management S.A. (hereafter, "**CCM**" or "**the Company**"). The Policy is not a contract, express or implied, guaranteeing compensation of any kind and no legal rights or entitlements to receive any kind of compensation may be derived from anything stated herein.

The Policy and its underlying compensation practices has been designed in a way, to take into account CCM's business philosophy, nature and scope of activities as well as its internal organization.

The Policy will be reviewed at least annually. It may be updated, modified, supplemented or withdrawn at any time by the Company.

1.2. Objective and philosophy

The Policy is applicable to all members of staff of the Company, with specific provisions on variable compensation (hereafter "**VC**") applicable to the "**Identified Staff**" (hereafter "**Material Risk Takers**" or "**MRT**"), meaning members of staff whose professional activities have a material impact on the Company's risk profile in accordance with the criteria set out under the applicable legal and regulatory framework as further defined herein (*please refer to section 2)*.

The present Policy aims at ensuring a sound and effective risk management of CCM, which does not:

i. encourage and does not lead to an excessive risk taking by any of its members and / or;
ii. exceed the level of tolerated risk by the Company.

CCM has set up remuneration practices and procedures that are aligned with conflict of interest and conduct of business obligations, taking into account the fair treatment of its clients as well as their best interests, through high value services matching specific client needs. The remuneration regime in place for all its members of staff does not provide any incentives for excessive risk taking or mis-selling of services rendered to clients. Indeed, CCM's remuneration practices and procedures are aligned with its overall risk appetite, including reputational risks and risks resulting from the mis-selling of services.

As to ensure coherent and consistent remuneration practices over time, the Company ensures a remuneration regime compatible and consistent with its business and risk strategy, its objectives, its corporate culture and values, as well as with its long-term interests, including environmental, social and governance risks (hereafter, "**ESG risks**").

Within its corporate culture and values, CCM holds in upmost regard the principles of equality, thus operates a gender-neutral Policy. This means, that irrespective of gender, the Company aims at ensuring equal pay and equal opportunities for equal work or work of equal value, as further described herein.

Overall and as further described and demonstrated herein, CCM's remuneration regime is structured in a way that supports the Company in achieving and maintaining a sound capital base. Such principle is reflected throughout the reward process, notably from the:

- definition of the bonus pool, which takes into account beyond performances achieved over time, any current and future risks;
- target setting at CCM, business unit and individual level;
- assessment of performance (i.e., achievement of targets) at all of the previously mentioned levels;
- determination of variable pay and the payout process, **and notably**;
- insurance of an appropriate balance between the fixed and variable components of total remuneration, where the fixed component represents a sufficiently high proportion of the total remuneration.

Subsequently, the Policy and its underlying remuneration principles are defined and maintained through a sound corporate governance, including all necessary functions as to reflect and define the "best fit" remuneration regime, where such regime:

- complies with applicable legal and regulatory requirements;
- promotes sound effective risk management;
- avoids any conflicts of interests;
- incorporates a culture of service quality and excellence to CCM's clients, and
- promotes gender neutrality and respects the principle of equal pay and equal opportunities for equal work or work of equal value.

The Policy is subject to an annual central and independent review by the control function of the company. The Risk Officer or Compliance Officer of the Company will regularly and independently review whether the CCM's actual remuneration practices and procedures are consistent with (i) its Policy and (ii) the applicable legal and regulatory framework. The result of the review and actions taken to remedy any findings must be documented and such minutes be available to the management and relevant committees. The Board of Directors should ensure corrective measures are taken.

2. Scope

2.1. Applicable legal and regulatory framework

CCM's is a non-CRR[1] investment firm, which is not considered to be small and non-interconnected, thus a Class 2 investment firm (hereafter "**C2 IF**").

Subsequently, the Policy has been established in line with the **law of 21 July 2021** ("**Law**"), amending the "*Loi du 5 avril 1993 relative au secteur financier*" ("**LSF**"), and transposing the Directive (EU) 2019/2034, of 27 November 2019, on the prudential supervision of investment firms (hereafter "**IFD**") into national law.

[1] *Investment firm which is not subject to the Capital Requirements Regulation.*

To further ensure that the Company's Policy and practices reflect the underlying philosophy of the IFD and the Law, the Policy takes into account, the EBA Guidelines on sound remuneration policies under the IFD, issued by the European Banking Authority on 22 November 2021 (hereafter "**EBA Guidelines**" or "**Guidelines**")[2].

In addition to the above-mentioned legal and regulatory scope, the present Policy has been established, taking into account the following legal & regulatory requirements:

- The Regulation (EU) 2019/2033 of 27 November 2019, on the prudential requirements of investment firms;
- Commission Delegated Regulation[3], supplementing the IFD, on the Identification of Material Risk Takers ("**RTS MRT**");
- CSSF circular 10/437, on sound remuneration principles in the financial sector, and
- CSSF circular 14/585, with regards to ensuring that remuneration policies and practices are aligned with conflict of interest and conduct of business obligations.

Even though CCM, as a C2 IF, is not subject to the LSF for regulatory remuneration purposes, the Company is still subject to Articles 17, 19, 38-1 and 38-2 of the LSF.

2.2. Legal and regulatory notion of the Proportionality principle

Under the conditions outlined under Article 38-22 paragraph 3 of the Law, C2 IFs may choose to waive certain of its obligations with regard to the pay-out process. This principle is known as the "proportionality principle".

To this end, and in line with points 24 and 25 of the EBA Guidelines, the proportionality principle aims to match remuneration policies and practices consistently with the individual risk profile, risk appetite, and strategy of an institution, so that the objectives of the remuneration requirements are effectively achieved.

When applying the remuneration requirements and their underlying provisions in a proportionate manner, institutions should consider a combination of all the following criteria to assess and determining the required level of sophistication of their remuneration practices, as to determining what ought to be considered as proportionate to the institution's risk profile, appetite and underlying strategy:

- The size of the institution;
- The internal organization of the institution, and
- The nature, scope and complexity of the institution's activities.

[2] *EBA/GL/2021/13*
[3] *[Final draft RTS on identified staff under IFD.pdf (europa.eu)]*

2.3. Application of the proportionality principle at CCM

Based on the above, the Company has decided to apply remuneration principles in a manner and to the extent that are appropriate to its size, internal organization and the nature, scope and complexity of its activities.

The proportionality principle aims to match remuneration practices and procedures consistently with the CCM's risk profile, risk appetite and strategy, so that the objectives of the obligations are more efficiently achieved.

Indeed, and in line with the Article 38-22 paragraph 3, the Law provides for an exception under which non-small investment firms, may choose to neutralize certain of the remuneration requirements on deferrals, thus apply remuneration requirements in a manner and to the extend which is proportionate to their size, nature, scope and complexity of its activities and its internal organization:

- Notably, for investment firms whose off and on balance sheet total is below an average of EUR 100,000,000 over the four-year period immediately preceding the financial year concerned, respective remuneration rules can be applied in a proportionate manner ("**Proportionality Principle at Institutional level**" or "**PPI**");
- Should the investment firm, not be eligible to apply the PPI, it may apply remuneration rules in a proportionate manner for individuals whose annual variable remuneration does not exceed 50,000 and which does not represent more than one quarter (1/4) of his or her total annual remuneration ("**Proportionality Principle at individual level**" or "**PPInd**").

Considering the above, CCM is deemed to be eligible to apply the PPI. As a result of its assessment on the application of the PPI, CCM waives its obligation to:

- Defer at least 40%-60% of the variable compensation of MRTs over a 3-to-5-year period;
- Attribute at least 50% of the variable compensation of MRTs in the form of instruments.

Based on the application of the PPI, CCM also decides not to implement a Remuneration Committee. Respective responsibilities will be carried out by the Board of Directors.

Finally, and irrespective of its decision to waive the above obligations, CCM introduces an Equity Program for members of staff promoted to Senior Partner (i.e., a population considered as MRT), which aims to achieve a strong long-term alignment of interests. *The program is further described under section 7.a. of the Policy*.

3. Identified Staff

3.1. Identification Process

The Policy provides details on the remuneration of all staff members of CCM, with specific provisions applicable to MRTs. To this end, it is the responsibility of the Company to identify the members of staff whose professional activities have a material impact on the institution's risk profile.

As to identify its MRTs, the Company uses the qualitative and quantitative criteria set out under Articles 3 and 4 of the RTS MRT.

The identification process is conducted on a yearly basis by the Company, with the support of Control functions and Authorized Management.
The given identification (as well as any potential proposals for exclusion) is subject to the approval of the Board of Directors, which furthermore oversees the identification process on an ongoing basis. The identification process and its results are also subject to an independent internal review.

Any exclusion of MRTs, falling under the notification / request for approval requirements, as defined under Article 4.4 or 4.5 of the RTS MRT, is submitted to the CSSF in June.

Furthermore, any demand of exclusion of a MRT, as approved by the Board of Directors of the Company, will be submitted to the CSSF jointly with a risk analysis, as to demonstrate that the activity of the concerned MRT by such demand of 'exclusion', has no significant incidence on the risk profile of the business unit concerned.

3.2. Material Risk Takers (MRTs) at the Company

As of today, CCM has identified the following MRTs, the latter, considered as having a material impact on its risk profile:

- Non-executive and independent member of the Board;
- Authorized Management;
- Financial Advisors;
- Risk and Compliance.

4. Remuneration Structure Overview

The present Policy (and its underlying principles) is applicable to all members of staff, with specific provisions on variable remuneration applicable only to Material Risk Takers. In line with the EBA Guidelines, remuneration is either fixed or variable remuneration; there is no third category of remuneration.

Subsequently, employees of the Company will benefit from the following remuneration:

- Fixed remuneration, including pension and benefits; and
- Variable remuneration.

4.1. Fixed Compensation

Fixed compensation means all contractually agreed remuneration that is not linked to performance. Fixed compensation is defined in line with the level of education, the degree of seniority, the level of expertise and skills required the constraints and job experience and the relevant business sector.

The fixed compensation represents a substantial proportion of the total annual remuneration and sufficient not to create any kind of dependency of staff on variable remuneration.

Operating a gender-neutral compensation strategy.

For the determination of the fixed compensation, CCM ensures to operate a gender-neutral compensation policy – i.e., independent of gender, staff should be equally remunerated for equal work or work of equal value.

In this respect and to prevent or compensate for disadvantages in professional careers of the underrepresented gender, CCM has established a process whereby it determines as of recruitment remuneration ranges and components that ensure an equal starting point for all members of staff, irrespective of their gender.

Furthermore, and beyond ensuring gender neutral pay definition at recruitment, CCM ensures that such practice is continued throughout the reward process, and notably, with regard to salary increases as well as career opportunities. To this end, CCM operates a meritocratic approach.

4.2. Variable Compensation

Variable Compensation means compensation consisting of awards, payments or benefits based on performance or in certain cases on other contractual criteria.

Variable remuneration is determined based on the individual performance (annual assessment) of the members of staff, the performance of her or his business line and the performance of the Company, including the evaluation of ESG related risks.

As a general principle and as further described herein, variable compensation, shall be awarded on the basis of an assessment of:

- CCM wide performance, including ESG related risks;
- Performance of the business unit, and
- Individual performance.

5. Compensation Pool and Safeguards

5.1. Total remuneration limit

Our policy is designed to protect and safeguard the Company long term in that we offer a basic fixed salary, and the variable salary is earned only on the condition that the Company and the Financial Advisor are profitable. The reason for selecting such a system is to reduce the risk for the Company since total compensation and income are correlated.

In order to grow in the future and to be competitive as an employer, the Company offers a **non-contractual variable salary** package to its Financial Advisers promoting growth and rewarding the relevant staff members for his/her achievements.

5.2. Caps on variable compensation

Our policy also sets out the following maximum limits for:

- Risk takers including management;
- Staff.

Finally, and as to ensure necessary safeguard, up to 100 % of the total variable remuneration shall be subject to malus or claw back arrangements. Indeed, the Company is entitled to reduce the variable compensation of an employee if the financial situation of CCM requires it or in cases of misconduct or fraud.

6. Performance Management

6.1. Overview

The Company policy is to reward staff a variable compensation based both on **qualitative and quantitative measures.**

Within its performance assessment process, the Company establishes relevant parameters as well as quantitative and qualitative objectives, assesses staff behavior on an ongoing basis and overall performance on an annual basis, and measures the results in accordance with defined parameters and objectives.

Annual assessments shall be conducted objectively, purely based on merit and irrespective of gender. These annual assessment results may be taken into account during annual salary reviews, variable compensation determinations and evaluation of staff development needs.

Risk awareness and compliance are crucial for the success of the Company and are included within defined assessment parameters.

The Company applies differentiated Performance Management metrics for each of the following two categories of employees:

- Risk Takers - Financial Advisors; and
- Administration and Compliance staff (Administration department members).

In any case, CCM's variable compensation model has been designed in a way, as to not reward failure, and not induce in any excessive risk taking.

6.2. Performance Assessment Process

On a yearly basis, the Company performs a staff assessment referred to as "**Assessment Talk**" of each individual staff member. The assessment will take into **consideration both qualitative and quantitative measures** and together with the overall results of the Company will be used to decide common achievements and bonus for Administrations dept. members.

The amount of variable remuneration a staff member is eligible for shall be determined by his/her individual performance, the performance of his/her business area and the performance of the Company.

The Company in its staff assessment will align the personal objects of the staff member with the long-term interests of the Company. Our staff assessment will evaluate both the quantitative & qualitative for each staff member, item considered will be assessment of overall performance, skills & capabilities, knowledge, influencing and communicating etc.

For Risk takers:

Risk takers will be assessed on **quantitative and qualitative measures.**

The assessment of **qualitative measures** will be based on our staff assessment and will include measures such as achievement of strategic targets, customer satisfaction, and adherence to risk management, compliance with internal and external rules, creativity, motivation and cooperation with other staff members.

For Staff Members:

Staff members will be assessed on **qualitative measures and quantitative measures**. The assessment of qualitative measures will be based on our staff assessment and will include measures such as achievement of strategic targets, adherence to risk management, compliance with internal and external rules, creativity, motivation and cooperation with other staff members.

Negative non-financial performance, in particular unethical or non-compliant behavior, will override any good financial performance generated by a staff member and will diminish or cancel a staff member's variable remuneration.

The staff assessment will be held with a member of daily management of the Company.

7. Governance

As defined above, CCM evokes the PPI and thus does not implement a Remuneration Committee. However, and as to ensure appropriate remuneration practices and avoid potential conflict of interest, CCM has set up governance around the Policy implicating several corporate functions.

7.1. Board of Directors

The members of Board of Directors collectively have adequate knowledge, skills and experience with regard to remuneration policies and practices as well as of incentives and risks that can arise therefrom.

Board of Directors establishes the general principles of the present Policy. It is also responsible for reviewing these general principles on a regular basis. Board of Directors is in charge of the implementation and accuracy of this Policy.

In its supervisory function, it is responsible for the remuneration of all the employees of CCM, with a particular attention to MRTs and members of the Authorized Management and control functions. However, where a member of the Authorized Management is also an executive director of the Board, he or she does not participate in any decision with regard to his/her own remuneration. This decision will then be taken by the independent member of Board of Directors.

Finally, the supervisory function takes into account the input provided by all competent corporate functions and bodies and business units about the design, implementation and oversight of the investment firm's remuneration policies.

7.2. Authorized Management

Authorized Management together with the Human Resources function (or Business Administration function), and with the involvement of the Control Functions is responsible for the compliance of this policy with laws and regulatory framework.

7.3. Control Functions

Control Functions of CCM assist the Authorized Management and Board of Directors in determining the overall remuneration strategy, in the context of the promotion of effective risk management.

Control Functions in particular take all necessary measures in order to ensure the compliance of the present Policy with laws/circulars/directives.

Control Functions assist and inform on the definition of suitable risk-adjusted performance measures, as well as in assessing how the variable compensation structure affects the risk profile and culture of CCM. They provide effective input in accordance with their roles into the setting of bonus pools, performance criteria and remuneration awards where those functions have concerns regarding the impact on staff behavior and the riskiness of the business undertaken.

7.4. Human Resources / Business Administration

The HR / Business Administration function participates and informs on the design and the evaluation of the Policy for the institution including the remuneration levels and incentive schemes, staff identification in a way that will not only attract and retain the staff but will also ensure that the Policy is aligned with the institution’s risk profile.

Furthermore, and within the context of gender neutrality, the latter function shall conduct an annual assessment and monitoring of the development of the gender pay gap for all the categories within the Company, notably:

- MRTs, excluding members of Authorized Management;
- Authorized Management, and
- other staff.

The HR / Business Administration function shall document the outcomes of the respective monitoring and pay gap assessment. In case of gaps, the roots of potential gaps shall be documented and submitted to Board of Directors. On that basis, Board shall take necessary and appropriate actions, thus ensuring CCM operates a gender-neutral Policy.

7.5. Review of the Policy

The annual review of the compliance of the implementation of the regulatory requirements can be totally or partially delegated by the risk officer of compliance officer of the Company to external consultants.

The risk officer or compliance officer remains in charge of the review of the compliance of the Policy implementation. The final results of the review on remuneration policies and practices will be made available to the Board of Directors.

To this end, the Risk Officer or compliance Officer, shall conduct at least annually an annual and independent review of the Policy and underlying practices. The review includes also an analysis of whether the remuneration policy is gender neutral, this as well as from a design than from an operating effectiveness perspective.

8. Disclosure

8.1. Internal disclosure

All employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay through the intranet website.

8.2. External disclosure

CCM shall disclose information as required under the article 51 of the Regulation (EU) 2019/2033. Investment firms shall disclose in its annual accounts and publicly, quantitative and qualitative information regarding their remuneration policy and practices, including aspects related to gender neutrality and the gender pay gap.

8.3. Disclosure to Shareholders

In case further shareholders should occur over time full disclosure of this policy will be made.

9. Latest Policy Entry Into Force

This policy is valid as of 9 September 2024.