



1. **Scope:**

This Remuneration policy applies to Aviva Investors Luxembourg (hereinafter "AILX") and its subsidiaries and should be read in conjunction with the Group Remuneration Business Standard, section 4.1. The policy covers all the activities of AILX and complies with both AIFMD and UCITS requirements. In case of conflicts between the requirements, the higher standard will be applied.

The remuneration policy is applicable to the identified staff.

The following functions/positions are considered as identified staff:

- Any Director that is directly employed by AILX;
- Any Conducting Officers;
- Any voting member of the Management Committee;
- The managers in charge of the control functions (Risk, Compliance, Internal Audit);
- Any other staff member that can have a material effect on the Risk profile of the collective investment schemes managed by AILX as determined by the Remuneration Committee.

Where Portfolio Management is outsourced, the Remuneration Committee will ensure that the delegates applies requirements regarding remuneration that are considered equally as effective as those AILX is subject to. Any remuneration policy compliant to CRD ¹ or AIFMD will be considered as equivalent in this context.

2. **Roles**

Remuneration Committee: The Remuneration Committee determines the annual bonus pool to be allocated and approves the individual performance bonuses based on the recommendation given by the management.

Furthermore the Remuneration Committee decides on a number of subjects as detailed in this policy and ensures that the application of the remuneration policy is in line with the applicable regulation in Luxembourg. The Remuneration Committee is a sub-committee of the Board of Directors.

AILX being ultimately own by Aviva Plc, the Remuneration Committee takes guidance from the HR Group function so that the decision criteria also comply with the Group Policy on Remuneration.

Management: Management gives recommendations on the individual performance bonuses.

Control functions:

The role of the control functions, in the context of the remuneration policy, is defined as follows:

Risk Management: To assess how the remuneration policy affects AILX's risk profile

Compliance: To review the company's compliance with applicable regulations and internal policies

¹ Or any subsequent regulation that replaces CRD



Internal Audit (executed by Deloitte Luxembourg): To carry out audits of the design and implementation of the remuneration policy

3. Remuneration Principles

3.1 Remuneration components

AILX employees are remunerated primarily through some or all of the following remuneration structures:

- Basic salary
- Discretionary bonus (both cash and remuneration in shares)
- Long term incentive plan (LTIP) awards
- Benefits (including Pensions)

The remuneration structure is determined so that the fixed component represents a sufficiently high proportion of the total remuneration allowing AILX to operate a fully flexible bonus policy, including the possibility to pay no variable remuneration component.

3.1.1. Basic salary

Basic salary should reflect:

- i. The value of a job to Aviva as determined by the competitive market place;
- ii. Individual performance and contribution;
- iii. The value to Aviva of the skills and capabilities of the employee;
- iv. Minimum salary levels as set through any collective contractual agreements, where applicable.

When fully performing in role, and depending on their performance over time, an individual's basic salary should be positioned within the agreed salary range which will be based around the market median of the relevant market comparable role. A level of basic salary above the upper quartile would exceptionally be justified if warranted by individual performance. Market benchmarking may also indicate that a higher salary should be paid in order to attract and retain scarce talent. A salary below the market median would be expected for those new in role and therefore not yet fully performing, and/or those whose performance needs to improve. Basic salary progression is based on the sustained performance level of the individual in the role, internal equity, and the ability for the business to pay and absorb fixed costs.

3.1.2. Discretionary bonus

The Remuneration Committee determines the variables (thresholds, percentages, deferral period etc...) mentioned in the paragraph 3.1.2.1, taken into account the compliance with the applicable regulatory framework (UCITS and AIFMD)

3.1.2.1. General provisions

- Excessive risk taking is discouraged;
- The AILX Remuneration Committee has the possibility to reduce to make 'performance adjustments' in order to pay reduced or zero bonuses in the following cases:



- The measure is justified by the performance of the individual
 - The measure is justified by the performance of the company
 - The measure is justified by the capital situation of the company
 - AILX total variable remuneration should not limit AILX's ability to strengthen its capital base.
- AILX retains the ability to reduce unvested deferred remuneration (a "malus" provision) if certain events occur, namely:
 - The company or business suffers a material downturn in its financial performance;
 - The company or business suffers a material failure of risk management;
 - Reasonable evidence of employee misbehaviour or material error (misconduct and negligence).
- A certain percentage of the performance bonus will be deferred. The percentage as well as the deferral period will be determined by the Remuneration Committee upon guidance from the HR Group function. The deferral, if applied, will in any case represent at least 40 %, of the variable remuneration component and will be aligned with the nature of the risks of the funds in question and at least 3 to 5 years unless the life cycle of the fund concerned is shorter. In the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount is deferred. The deferral of the variable remuneration is disapplied if the variable remuneration is below the remuneration threshold (% of total remuneration), as determined by the Remuneration Committee.
- A certain percentage of the annual performance bonus will be paid out in shares/units of the fund that are subject to a retention period. The percentage as well as the retention period will be determined by the Remuneration Committee. The shares/units will be allocated based on the relative activity of the individual and the stipulations of the relative Prospectus/PPM (minimum investment threshold/ eligible investors etc...). In case of closed-ended funds, the Remuneration Committee has the possibility to decide to issue unit/share linked instruments, stock appreciation rights, synthetic shares or similar instruments ("proxies"). The value of those proxies will be equal or close to the NAV per share of the fund it refers to.
- In order to reduce the administrative burden and to avoid unnecessary organisational costs at the level of the funds, the following provisions are applied:
 - The remuneration in shares/ units will be disapplied for organisational reasons if the variable remuneration is below a certain threshold to be determined by Remuneration Committee.
- The shares/units issued as part of the variable remuneration are subject of a retention period to be determined by the Remuneration Committee.
- The Remuneration Committee has the right, in appropriate circumstances as defined below, to require reimbursement of any annual performance bonus or long-term incentive payment to an identified staff as defined in this policy where:
 - the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement;



- the Remuneration Committee determines the staff member engaged in intentional misconduct that caused or substantially caused the need for the substantial restatement;
- a lower payment would have been made to the executive based upon the restated financial results.

In each such instance, the Remuneration Committee will, to the extent practicable, seek to recover from the individual the amount by which the individual's annual performance bonus for the relevant period exceeded the lower payment that would have been made based on the restated financial results.

3.1.2.2. Special provision regarding control functions

- In order to avoid potential conflicts of interest, the remuneration in shares will be disappplied for staff working in control functions, defined as those employees occupying roles in Risk (including Compliance), and Internal Audit.
- Staff members engaged in control processes are independent from the business units they oversee, have appropriate authority, and be compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- To ensure independence, Aviva Group has set a functional organisation and processes whereas the Heads of Functions contribute to the inputs for the determination of the Bonus Pools and individual allocations. In particular, the staffs engaged within control functions are treated separately from the other functions.

3.1.2.3. Bonus pooling, metrics, and target calculations

Bonus pools and targets will be defined by the Remuneration Committee. They are based on the performance of AILX as a business. Performance is measured over a multiyear period and includes both financial and non-financial metrics.

3.1.2.4. Individual variable awards

Individual bonuses are recommended by line managers, based on the Bonus pools defined and approved by the Remuneration Committee.

When determining individual variable awards, consideration are given to:

- i. Collective performance of an individual's business,
- ii. An individual's performance relative to the objectives of the role or assignment
- iii. The individual's total remuneration relative to the market,

The allocations of a bonus to individuals remain discretionary; the existence of a limit (as defined hereafter) ensures that the overall remuneration keeps an appropriate balance of fixed and variable components;

A percentage, called "stretch", is assigned for each individual; the range of stretch values is defined according to the job functions and profiles, the levels of seniority and responsibility, and market analysis.



The amount equal to the Basic salary multiplied by the stretch represents the upper guideline that the Remuneration Committee will consider when deciding on individual variable awards.

The existence of such limits, does not mean that formulas are applied to determine individual's awards. The Bonus Pools depend upon the Aviva Group and each Businesses performance. For the avoidance of doubt, the Bonus Pool of the Control Function is distinct.

Individual performance towards objectives, risk and collaborative behaviour are taken into account for the allocation. Only outstanding performance (subject to affordability) would justify considering significant awards up to the limits as defined above.

3.1.2.5. Ex post Risk Adjustments

The Remuneration Committee performs a review of the prior year's bonus allocation and determines, based on the risk adjusted performance and the information available, if some of all of the deferred part of the bonus should be reduced.

3.1.2.6. Variable remuneration guarantees

Variable remuneration guarantees comprise all forms of remuneration where the value has been determined prior to award.

Variable remuneration guarantees must not be given to any individual within Aviva unless explicitly approved by the Remuneration Committee beforehand, in the context of hiring new employees, and limited to the first year of service. Any guarantees must be subject to the same deferral criteria as other forms of variable remuneration

3.1.3. Long term incentive plan (LTIP) awards

LTIP awards should align employee reward with the long term vision and performance objectives of the company, and with shareholder interests, and, should help retain key talent.

LTIP awards are subject to prior approval by the Remuneration Committee, who defines the details of the Long term incentive plan (retention period, instruments etc...)

3.1.4. Benefits (including Pension)

Benefits offered will range, from company sponsored retirement provision ("pension") and sick pay, to share ownership opportunities, and to Aviva products and services at discounted rates.

In general, benefits should aim to:

- I. be market competitive and take into account total remuneration;
- II. be compliant with all legal requirements; and,
- III. provide choice and flexibility to meet individual needs

Where market practice means that pension provision is appropriate, such provision will be through defined contribution type pension arrangements, or appropriate in-country variations. Aviva should not offer defined benefit type pension arrangements.

Where possible, employees will be able to benefit from tax efficiencies and discounts in the local market on a range of products / benefits. However, Aviva will not offer schemes or structures where the whole or main benefit to employees is the avoidance of tax.

For discretionary pension benefits:



- I. In the context of a retirement, discretionary pension benefits vested to the staff member are subject to a retention period, defined by the remuneration committee in line with Group Policy and in compliance with applicable regulation and ESMA guidance.
- II. Where a staff member leaves the company before retirement, the discretionary pension benefits should not be vested before a period to be determined by the Remuneration Committee in accordance with the applicable regulation and should be subject to performance assessment and ex post risk adjustment before pay out.
- III. For discretionary pension benefits as part of the variable remuneration, a staff member should not retire or leave the company with such benefits vested, with no consideration of the economic situation of the fund that the company manages or risks that have been taken by the staff member in the long term.

3.1.5. Retention awards

AILX will only pay retention and / or incentive awards to existing employees in exceptional circumstances, e.g. where there is a corporate restructuring and the individual is essential to the completion of the restructuring. Retention awards are subject to the prior approval by the Remuneration Committee and are only allowed to that extent that risk alignment provisions are properly applied.

3.1.6. Severance pay

Any payments related to early termination of contracts reflect performance achieved over time and are designed in a way which does not reward failure.

The Remuneration Committee will decide on the severance pay on a case by case basis.

3.1.7. Personal Hedging strategies

Employees are prohibited from using personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. An annual confirmation from the staff in scope of the remuneration policy must be required.

3.1.8. Record keeping

Any decision regarding remuneration is to be documented in the minutes of the Remuneration Committee. The documents are subject to the document retention policy applicable in force.

3.2 Disclosure

Details on the remuneration policy and its application will be disclosed to the shareholder in form of a note to the annual accounts.