

Unified Remuneration Policy

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Unified Remuneration Policy

Outline: Unified Remuneration Policy for Luxembourg Entities	Prepared by: Rachel McCorduck, Global Head of Talent
Legal/regulatory references: International: - EBA guidelines on sound remuneration policies - - Regulation (EU) 2019/2088 (SFDR) - ESMA/2013/232 Guidelines on sound remuneration policies under the AIFMD - ESMA/2016/575 Guidelines on sound remuneration policies under the UCITS Luxembourg: - CSSF Circular 10/437 - CSSF Circular 18/698 - Law of 5 April 1993 on the financial sector (LFS) - Annex II of the Law of 12 July 2013 on alternative investment fund managers (AIFM Law) - Law Of 17 December 2010 relating to undertakings for collective investment - CSSF Regulation 10-04 as amended by CSSF Regulation No 22-05	
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I. Glossary

Circular: CSSF Circular 10/437 of 1 February 2010 on the guidelines concerning the remuneration policies in the financial sector.

Control Functions: The units within the entities that monitor and control the units that originate business, including risk management, compliance, human resources and internal audit.

CSSF: The Commission de Surveillance du Secteur Financier.

Fixed Remuneration: The overall fixed annual remuneration paid through monthly payments for the relevant calendar year.

Gen II Group: The Gen II global corporation and affiliated companies.

Global Executive Committee: The Global CEO, the Global CFO, and the Global Head of People.

Identified Staff: Any employees who are members of the administrative and management bodies as well as those categories of staff whose professional activities have a material impact on the entity's risk profile. With respect to the practical realities of the entities' operations and responsibilities, in particular as described in section III herein, additionally to the Board of Directors members, we have considered all staff who are subject to only Year end Remuneration review, being the senior most cadre of employees. Within this group, the following positions are designated as Identified Staff based on their qualitative authority to define, approve and oversee the strategic, operating and risk management frameworks of the company.

GenIILS (PSF)	GenIIMC (AIFM)
All members of the Executive Committee, as defined in the Corporate Governance Policy.	All members of the Executive Committee, as defined in the Governance Policy. All members of the Valuation Committee and the Investment Committee, all Risk Managers with authority to set risk profiles, Senior Compliance Officers (if influencing risk appetite)

Variable Remuneration: The portion of remuneration, the awarding or amount of which is at the entity's discretion.

II. Introduction

This Remuneration Policy applies to the Identified Staff of both Luxembourg entities and aims at aligning their personal objectives with the long-term interests of the entities.

This Remuneration Policy is designed to be consistent with and promote sound and effective risk management, and not to induce excessive risk-taking by the Identified Staff.

The policy is in line with the entities' strategy, objectives, values, and long-term interests, such as sustainable growth, and is consistent with the principles relating to the protection of clients and investors in the course of services provided.

As prescribed by Regulation (EU) 2019/2088 (SFDR), Article 5, the entities ensure that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. Further detail on how we integrate sustainability risks are set out in Sections VIII and X below.

As per the ESMA guidelines, this includes anyone delegated to portfolio management or risk management activities and all are part of the ongoing due diligence process.

III. Proportionality Principle

The Remuneration Policy and subsequent measures have been drafted to be appropriate to the entities' size, internal organisation, the nature, scope and complexity of activities, in accordance with AIFM Law Annex II paragraph 1 and ESMA Guidelines Section VII.

III.1 Proportionality Assessment

The Remuneration Policy and the subsequent measures have been drafted to be appropriate to the size, internal organization, nature, the scope and complexity of both entities' activities.

This Remuneration Policy is in line with the business strategy, the objective, the value and the interests of the entities and includes appropriate measures to avoid conflicts of interest.

The entities have decided to apply the proportionality principle on the basis of their size, their organization and their nature, scope and complexity of their activities therefore, the following requirements are not applied:

- Retention
- Deferral
- Payment on instruments
- Ex post incorporation of risk for variable remuneration

Indeed, taking into consideration the number of staff and the type of services provided, it is concluded that the entities have non-complex and limited activities.

For the reasons stated in the current policy, the entities are not required to establish a formal remuneration committee as described in ESMA Guidelines paragraphs 52–63. Nonetheless, each entity has established a committee on a voluntary basis to support the Board of Managers in an advisory and oversight capacity (see Section XI).

This proportionality assessment is reviewed annually by the Board of Managers and updated where the entities' circumstances change materially.

IV. Scope

The Remuneration Policy applies to the Identified Staff of both entities. The professionals who form part of the Identified Staff shall be identified and designated by the respective Board of Managers.

Each entity shall keep a record of the assessment performed and of the personnel whose professional activities have been identified as activities with a material impact on the risk profile, in order to enable the competent authority and auditors to review the assessment.

V. Remuneration Policy Structure

In accordance with §2.3 of CSSF Circular 10/437, where remuneration includes a variable component or a bonus, granted in accordance with performance criteria, the remuneration policy shall be structured with an appropriate balance of fixed and variable remuneration components.

The Identified Staff is subject to the following general principles:

- a) the Remuneration Policy promotes sound and effective risk management and does not induce excessive risk-taking
- b) Staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements
- c) the Remuneration Policy is in line with the business strategy, objectives, values and long-term interests of the entities

- d) the Remuneration of those engaged in the performance of the risk management function will reflect the achievement of the objectives linked to the risk management function, independently of the performance of the business area in which they are engaged
- e) the independence of the Control Functions is safeguarded by ensuring that the Remuneration of relevant individuals is not linked directly to the performance of the business area they control
- f) the Remuneration Policy makes a clear distinction between criteria for setting basic fixed remuneration and variable remuneration.

VI. Description of the Remuneration

VI.1 Fixed Remuneration

The fixed remuneration (base salary) is paid monthly and is composed of a basic monthly remuneration, which does not take into consideration performance criteria. The fixed part is determined on the basis of the employee's responsibilities and professional experience, not their performance.

The base salary for all staff up to and including Associate Director will be determined, reviewed and formally ratified by the Remuneration Committee during the year-end cycle. For any employees that are part of a mid-year promotion cycle and associated salary uplift, this will be reviewed and signed off by the Remuneration Committee. This group will also all go through the full year-end process review. For the Identified Staff, the base salary is determined by the Global Executive Committee. The compensation decisions for Identified Staff shall be acknowledged by the relevant Board of Managers not later than the payment date.

VI.2 Additional benefits

Identified Staff are eligible for the general benefits established for the employees, which is geared toward providing a competitive range of welfare benefits.

Other benefits, the most common of which relate to the supplementary pension scheme, are also granted. The pension scheme is a regulated plan and has no discretionary aspect. It is the result of the strict application of formulae defined in the plan regulations, which are issued to all employees.

The fixed part of the remuneration is reviewed each year but is not necessarily revised.

VI.3 Variable Remuneration

The Variable Remuneration depends on:

- the extent to which all of the objectives set in the individual's annual appraisal have been met
- the entity and Gen II Group's performances
- the entity and Gen II Group's sustainability.

Variable Remuneration of Staff shall be limited to not more than 100% of Fixed Remuneration. Any exception to this shall be governed in accordance with the duties of the Board of Managers.

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of employment.

Variable remuneration shall not be paid through vehicles or methods that facilitate the avoidance of the requirements of this Policy or applicable regulations.

When determining overall remuneration levels, the entities take into account their sustainability risk profile. This includes consideration of key sustainability risk indicators relevant to the entities' activities and the funds under management.

Variable Remuneration is based on an annual assessment of performance for each Identified Staff and determined by the commitment and results obtained in fulfilling business strategy at the level of his/her responsibilities and taking into account performance of the same over a period of up to 3 years, as applicable based on date of employment. It also takes into account the performance of the business unit to which the

relevant Identified Staff belongs as well as the overall results of the entities. The granting of such a discretionary Variable Remuneration is not a contractual right for the Identified Staff. Note that Control Functions must be remunerated according to the attainment of objectives related to their functions, irrespective of the business areas they control.

VI.4 Long-term instrument-based incentives

Some of the Identified Staff members who are granted Variable Remuneration may receive additional remuneration under a long-term instrument-based incentive plan, as a multi-year variable remuneration scheme.

This may be structured as a variable remuneration scheme that allows its participants to receive, after a certain period of time has elapsed, an amount in shares or other instruments, or options in such shares or instruments, or in cash, provided certain conditions set forth are met.

VI.5 General bonus budget

Each year, the Board of Managers, following consultation of the Remuneration Committee, which is itself informed by the Global Executive Committee, determines, on a first step and on the basis of the business operations, the overall bonus budget, taking into account all types of current and future risks to which both entities are exposed in accordance with applicable regulatory standards, the cost of the capital and the liquidity required, reflected within the forward-looking Profit & Loss (P&L) statement.

More generally, the Board of Managers, with the assistance of the Remuneration Committee shall ensure that the amount of the proposed overall bonus budget does not limit the ability of the entities to maintain or restore a sound capital base in the long term and is funded through the long-term economic performance of the entities and based on sustainable criteria taking into account future development of performance and risk.

VII. Payment

Any Variable Remuneration awarded is paid no later than 31st March the year following the performance period, and subject to the following:

- The employee is still employed and not in a notice period at the date of payment
- The employee will repay the Variable Remuneration if performance relating to the period is subsequently found to be fraudulent.

VIII. Performance Review

Performance is reviewed through ongoing 'check in' meetings during the year, with a formal performance review carried out in December based on full year performance.

The performance assessment takes into account both financial and non-financial criteria, including compliance with internal rules and policies, the entities' systems and mechanisms of control, and the standards governing the relationship with clients and investors. Criteria related to sustainability risks are integrated into in-scope employee objectives and performance indicators where relevant to the individual's role, in particular for staff involved in portfolio management, risk management, and investment due diligence functions.

IX. Conflict of Interest

The entities are committed to avoiding conflicts of interest. A conflict of interest policy has been implemented to help employees identify and handle conflicts of interest.

X. Claw Back (ex post risk adjustment)

Subject to applicable law and regulation, the entities reserve the right to demand full or partial repayment from the individual who has been awarded Variable Remuneration in the following conditions:

- Fraudulent conduct of staff member; or
- Breach of entity or CSSF guidelines.

Clawback provisions may also apply where remuneration outcomes are associated with conduct materially inconsistent with the entities' sustainability risk framework, in particular for portfolio managers and staff with delegated investment authority.

XI. Governance

XI.A Duties of the Board of Managers

In accordance with the Circular (§2.17), the Board of Managers must adopt and regularly review the general principles of the Remuneration Policy and shall be responsible for overseeing its implementation. The Board of Managers has established a Remuneration Committee (as specified in the Entity-Specific Provisions table) on a voluntary basis to support it in an advisory and oversight capacity regarding performance management and remuneration matters.

The Board of Managers is responsible for:

- approving any exemptions in relation to individual staff members from the principles laid down in this Policy
- approving any changes to this Policy
- ensuring that this Policy and its implementation are in line with the entity's risk framework and capital structure
- ensuring that the Policy serves the entity's long-term interest
- assessing whether performance targets have been reached and adjustment of risk levels where necessary, including the application of malus and claw-back arrangements.

The Remuneration Committee's role is advisory: it oversees the remuneration process, assists the Board in its decision-making, and draws up remuneration proposals for Identified Staff. Such proposals, for both base salary and variable remuneration, shall be reviewed and outcomes determined by the Global Executive Committee stakeholders. The Board of Managers shall adopt the Remuneration Policy following consultation with the Committee. The Committee does not itself approve remuneration for any staff category.

XI.B Duties of the Authorized Management / Senior Management

The members of the Authorized Management/Senior Management are responsible for the implementation and follow-up of the Remuneration Policy. The Board of Managers, along with assistance from the Remuneration Committee, are responsible for determining the remuneration of the members of the administrative and management bodies.

XI.C Duties of the Control Functions

This Remuneration Policy is reviewed on an annual basis by the Compliance function to ensure its compliance with applicable Luxembourg laws and regulations and with the other policies and procedures approved by the Board of Managers. The Compliance function also analyses how the Remuneration Policy affects the entities' compliance with applicable legislation and regulations, as well as internal policies and risk culture.

The Compliance function ensures that all serious and very serious incidents are reported to the Chief People Officer and to the Board of Managers. The Human Resources department may issue recommendations regarding the impact of incidents on the assessment and/or remuneration.

The internal audit department must perform an internal annual evaluation, which shall be central and independent. The Board of Managers shall be provided with the results of this internal evaluation and details of the actions performed to remedy any discrepancies revealed on an annual basis. A copy of this report shall be made available to the CSSF.

XII. Communication

The Remuneration Policy is communicated to all employees and is published on the shared network together with all other approved policies. The Policy is also published on the entities' website in accordance with SFDR Article 5. Any modification, addition, update or amendment will be communicated to all employees.

XIII. Implementation and Review

This unified Remuneration Policy shall be implemented following approval by both Boards of Managers and will be reviewed at least annually. The policy applies the highest regulatory standards to both entities to ensure comprehensive compliance with all applicable regulations.

XIII. Entity Specific Provisions

This unified policy applies to both Luxembourg entities with the following entity-specific provisions:

Provision	GenIILS (PSF)	GenIIMC (AIFM)
Entity Name	Gen II Luxembourg Services SARL	Gen II Management Company (Luxembourg) SARL
Regulatory Status	Professional of Financial Sector	Alternative Investment Fund Manager Chapter 15 Management Company
Remuneration Committee Composition	CEO, Country Head – Luxembourg, Global Head of Talent	Head of GenIIMC, Country Head – Luxembourg, Global Head of Talent
Identified Staff includes	Board of Managers members; Authorised Management; Executive Committee members; Other risk-impacting staff	Board of Managers members; Senior management members; Other risk-impacting staff
Risk taking staff in terms of sustainability requirements includes	None	Conducting Officer in charge of Risk Management, Conducting Officer in charge of Portfolio Management (portfolio management and investment due diligence)
Proportionality Principle assessed against the three cumulative factors set out in ESMA Guidelines paragraphs 29 and 53: size, internal organisation, and the nature, scope and complexity of activities.	Not considered as part of the assessment here due to the nature of its activities	Size: The aggregate value of AIF portfolios managed exceeds EUR 1.25 billion. On this factor the AIFM is considered significant within the meaning of ESMA Guidelines paragraph 57. Internal organisation: The AIFM employs fewer than 20 staff with a simple organisational structure and no branches or subsidiaries. The AIFM is not listed. On this factor the AIFM is not considered significant. Nature, scope and complexity: The AIFM acts as a third-party management company. Portfolio management is substantially delegated to external investment advisors/managers. The AIFM does not take principal risk, does not use leverage at entity level, and its activities are predominantly administrative and oversight-oriented. On this factor the AIFM is not considered significant. As the AIFM is significant on only one of the three factors, the following provisions are disapplied in accordance with ESMA Guidelines paragraphs 24–27: • Retention requirements (AIFM Law Annex II paragraph 1(m)) • Deferral of variable remuneration (AIFM Law Annex II paragraph 1(n)) • Payment in instruments (AIFM Law Annex II paragraph 1(m)) • Ex post incorporation of risk for variable remuneration

Note: All other provisions of this policy apply equally to both entities at the highest regulatory standard.