



Asset  
Services

# Link Fund Manager Solutions (Ireland) Limited Remuneration Policy

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## **PROPRIETARY INFORMATION**

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## 1. Background

- 1.1 The Company Remuneration Policy (the “**Remuneration Policy**”) is designed to ensure that Link Fund Manager Solutions (Ireland) Limited (“Company”) complies with:
- The remuneration requirements imposed by the AIFMD (Alternative Investment Fund Managers Directive) and UCITS V (Undertaking for Collective Investment in Transferable Securities) regulations as implemented in Ireland, and including any related Central Bank of Ireland (“CBI”), or ESMA or other applicable requirements or guidelines (hereafter referred to as the “Remuneration Requirements”), and
  - Any applicable requirements resulting from Link Group remuneration guidance.
- 1.2 The remuneration of employees within the Company which is regulated by the CBI and falls under the Remuneration Requirements must comply with the Company’s Remuneration Policy. This policy is aimed to cover the employees of the Company to whom it is deemed that the Remuneration Requirements apply.<sup>1</sup>
- 1.3 In accordance with the Remuneration Requirements, the Company is committed to ensuring that its remuneration policies and practices are consistent with and promote sound and effective risk management. This Company Remuneration Policy is designed to ensure that excessive risk taking is not encouraged by or within the Company, including in respect of the risk profile of the funds it manages, and to enable the Company to achieve and maintain a sound capital base.

## 2. Responsibility and Review

- 2.1 Responsibility for oversight of the implementation and supervision of the Company Remuneration Policy lies with the Board of Directors of the Company (the “**Board**”). No amendment to or exception from this Remuneration Policy should be made without the approval of the Board.
- 2.2 The Board is responsible for:
- (a) overseeing effective implementation of the Company Remuneration 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 it manages and their investors, and the avoidance of conflicts of interest, and do not encourage risk-taking inconsistent with the risk profile of the funds it manages;
  - (b) ensuring that the Company Remuneration 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 it manages and their investors;
  - (c) reviewing and monitoring the Company strategy as it relates to remuneration for all Staff 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

<sup>1</sup> It should be noted that certain requirements apply institution wide and others only to Code Staff.

(d) supervising the Company Remuneration Policy, including reviewing changes to methodology and reports on the effectiveness of the variable remuneration arrangements.

2.3 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.

2.4 This Company Remuneration Policy is reviewed at least annually by the Board to assess:

(a) the Policy’s general principles;

(b) whether it operates as intended; and

(c) 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 Function and at least annually.

### 3. Application

3.1 For the purposes of the Company Remuneration 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:

(a) fixed remuneration (payments or benefits without consideration of any performance criteria) including remuneration paid to contractors with respect to investment management activity;

(b) variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

3.2 Parts of the Remuneration Policy apply to all employees of the Company and additional parts only apply to certain specified employees (described in the Company Remuneration Policy as “Code Staff”):

(a) All employees – see Section 4

(b) Code Staff - see Section 5

3.3 All staff of the Company are reviewed on a periodic basis, but no less than an annual basis. All staff are considered in light of the following Code Staff considerations:

	Description	Who?
1.	Governing body	The management body of the Company (as AIFM and UCITS Manager) i.e. the directors of the firm.
2.	Senior Management	The persons who effectively conduct the business of the Company in accordance with AIFMD and UCITS regulations.
3.	Risk takers	(a) 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 AIF it manages.  (b) 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 CIS it manages.

4.	Control functions	Includes staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within the Company.
5.	Employees receiving similar remuneration to senior management	Any employee within the Company who receives total remuneration that takes them into the same bracket as senior management and risk takers.

*Materiality in respect of 3 above is defined as 0.5% of the revenue of the Company in one year, or in relation to an individual CIS, 0.5% of the net asset value of that CIS.*

3.4 A list of all current Code Staff is maintained by the Company. The Board of the Company will review and approve the Code Staff list periodically, at least on an annual basis.

3.5 For the avoidance of doubt there are no employees (i.e. Junior / middle management staff) (refer to 3.3 above) receiving similar remuneration to the senior management on the basis of seniority.

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

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

##### *Base Salary/ Fees*

4.2 Base Salary and Fees are set by the Board and in accordance with the business requirements of the Company. Consideration is given to any increased risk in the business and how this remuneration would be linked to the risk of the business. Any changes shall be notified to the appropriate departments (i.e. Finance, HR).

##### *Bonus*

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

##### *Employer Pension Contributions*

4.4 Employer Pension Contributions are set in accordance with employee's terms and conditions, and in line with the Trust Deed and Rules of the relevant pension scheme. These contributions are a fixed component of total remuneration.

##### *Allowances*

4.5 Allowances will be set in line with the standard Link Group policy for any specific allowance which is transparent and available to all employees, or was available to staff from their previous employment if they transferred to the Company. These allowances are a fixed component of total remuneration.

##### *Employee Share Plans*

4.6 Employee share plans (SAYE and Share Incentive Plan) are not included in the remuneration calculation for Code Staff as both are paid from base salary.

### *Retention Pay*

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

### *Severance Payments*

- 4.9 Policies on severance payments on exiting the business are in line with the Remuneration Requirements and comply with the employment legislation. Payments in excess of this amount, paid through compromise or other arrangements, must also comply with employment legislation. Consideration must be given and deferrals may be required to ensure that there is no breach of the Remuneration Requirements.

### *Hedging*

- 4.10 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 under the policy's risk alignment effects.

Any instances are reported to the Board immediately.

### *Principles*

- 4.11 In respect of all staff, the Company's remuneration arrangements are based on the following principles<sup>2</sup>:
- (a) Remuneration arrangements are based on multiple drivers of long-term business performance, including financial and non-financial risks;
  - (b) Remuneration arrangements are consistent with, and promote, the long-term safety and soundness of the Company, the AIF/CIS ("Funds") it manages and the Link Group, and produce outcomes that are symmetric with risk outcomes. All variable remuneration arrangements 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;
  - (c) Remuneration arrangements are aligned with the Company's risk appetite and business strategy, objectives, values and interests of the Company and the funds it manages, and the avoidance of conflicts of interest. The remuneration arrangements do not encourage risk-taking which is inconsistent with the risk profiles of the Funds managed by the Company. All revenue generation remuneration arrangements are administered by (i.e., accountable to) a member of management who does not participate in the revenue generation plan;
  - (d) Remuneration arrangements are aligned to the risk time horizon of the activity for which the remuneration is being paid;

<sup>2</sup> unless such employee is covered by the remuneration requirements of Link Group in another EEA jurisdiction when they have to fall under the Remuneration Policy applicable to them there

- (e) Risk Management and Compliance play an integral role in the design and monitoring of variable remuneration arrangements;
- (f) The Board has oversight of the variable remuneration strategy;
- (g) 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;
- (h) 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 the funds it manages and when assessing individual performance, both financial and non-financial criteria are taken into account;
- (i) The total variable remuneration does not limit the ability of the Company to strengthen its capital base;
- (j) 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;
- (k) 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;
- (l) 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;
- (m) 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;
- (n) The pension policy of the Company is managed independently by Link Group;
- (o) 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;
- (p) Variable remuneration is not paid by the Company through vehicles or methods that facilitate the avoidance of the Remuneration Requirements.

#### Application

4.12 Salary increase budget, bonus pools and any adjustments to overall remunerations packages are provided by Link Group based on Group and Business Unit performance. Individual bonus allocations and remuneration adjustments are based on individual performance. Senior Management (principally the Managing Director and Finance Director) review any remuneration proposal (both initially on recruitment and adjustment thereafter) and any proposed bonuses for all the Company staff (including Code Staff). In considering

the remuneration package and bonus of individuals, no consideration of the performance or risk profile of fund under management is considered. This process occurs at least annually in accordance with the time lines indicated by Link Group. Any proposals are ratified by Link Group management (including HR, Finance and Executive Management).

## 5. **Additional Requirements applicable to Code Staff**

### *Deferral*

- 5.1 Subject to any proportionality considerations, in respect of Code Staff, the Company's remuneration arrangements are also based on the principle that a multi-year framework is considered in the assessment of the Code Staff members' remuneration in order to ensure that the assessment process is appropriately based on longer-term performance, and where appropriate, to ensure that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the company and its business risks.

### *Performance adjustment*

- 5.2 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 Funds it manages. This can take into account both current compensation and previous compensation, through malus or clawback arrangements.

### *Long Term Incentives*

- 5.3 Any grants of options to any Long Term Incentive Plans ("LTIPs") is included in the remuneration of staff each year and valued at the time of the grant. All LTIPs are set on Group performance and not business performance. The LTIPs are set at a three year performance period and this is deemed appropriate for a Group plan as this covers the entire Group.

### *Proportionality*

- 5.4 The Company have regard as to what extent some of the Remuneration Requirements can be disapplied in accordance with proportionality principles. The Requirements in relation to 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 €600,000).

## 6. **Delegates**

- 6.1 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 this is taken to be as effective as the Remuneration Requirements.
- 6.2 Appropriate contractual arrangements will be put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the Remuneration Requirements. The vast majority of the Company's delegates are EU based and are therefore subject to applicable Remuneration Requirements.



6.3 Where a delegate operates outside the EU, the Company will put in place appropriate contractual arrangements with the delegate so that the Remuneration Requirements are appropriately and proportionally applied to the delegate's relevant staff.

## 7. **Data Protection**

7.1 All Code Staff agree that details of any remuneration may be shared with the CBI In addition; the Company's annual report will contain certain required disclosures relating to remuneration.

## 8. **Reporting**

8.1 Annually (in line with its business planning and accounting cycle) the Company will collate details of the elements of remuneration for the Code Staff of Base Salary, Bonus, Employer Pension Contributions, LTIPs, and Allowances (including retention payments). This will show both the year in review and the following year projections. This is approved by the Board of the Company. All remuneration information should and is treated as in confidence.

8.2 The Managing Director shall provide an attestation to the Board of the Company that the Regulatory Requirements have been complied with.

## 9. **Availability of Policy**

The Remuneration Policy for the Company is made available to all staff in line with the ESMA Guidelines on remuneration disclosure.

**The Company considers that its remuneration policy complies to the extent that is appropriate given the nature, scope and complexity of its activities and the Company may apply a proportionality principle in accordance with the ESMA Guidelines.**

<b>Issue</b>	<b>Date</b>	<b>Reason(s) for Change</b>	<b>Author / Approver</b>
1.0	6 November 2017	Rebranding to Link Group	Martin Anderson/LFMSI Board
1.1	April 2018	Update to local remuneration policy for reporting requirements	Julie Graham (Compliance) /LFMSI Board
1.2	October 2018	Update for role as discretionary investment management	Martin Anderson/LFMSI Board
1.3	22 October 2019	Annual review and update and reflection of revised accounting date.	Martin Anderson / LFMSI Board