

# Remuneration Policy For

## GADD & Cie S.A.

based on the CSSF Circular 10/497

and initially adopted by the Board of Directors in  
Luxembourg on March 22, 2012

### Date of review and approval:

Date	Author	Approver
22.03.2012	Alexander Ekström	Board of Directors
18.12.2014	Alexander Ekström	Board of Directors
25.09.2015	Pierre Dochen	Board of Directors
24.06.2016	Pierre Dochen	Board of Directors
21.03.2018	Pierre Dochen	Board of Directors
15.10.2019	Pierre Dochen	Board of Directors
18.03.2021	Johan Nordström	Board of Directors

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### 1. Introduction

GADD & Cie S.A. (hereafter “GADD” or “the Company”) was incorporated in Luxembourg on 15/2/2008. GADD is an investment firm, having a licence as investment advisors (art. 24), broker in financial instruments (art. 24-1), commission agent (art. 24-

2), private portfolio manager (art. 24-3), Family Office, in accordance with the amended Law of Avril 5th, 1993 on the Financial Sector.

As professional of the financial sector, GADD is regulated by the *Commission de Surveillance du Secteur Financier* and is requested to comply with all requirements applicable to such category of entities, including those on the Circular 17/658 regarding remuneration policy in application of the orientations of the EBA concerning art 74 §3 et 75 §2 of the directive 2013/36/UE and Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“Disclosure Regulation”);

This remuneration policy provides details and procedures for rewarding individuals for sustainable long-term value creation in line with shareholders interest and in combination with sound risk management.

GADD is a small company with the intention to grow. To date, GADD employs 12 people.

## 2. Proportionality Principle

Following CSSF Circular 11/505 GADD wishes to apply for the proportionality principle on the entity level due to the size and risk profile of GADD & Cie S.A.

GADD applies for a neutralisation of the following requirements according to the proportionality principle.

- Variable remuneration pay out in the form of shares or instruments
- The retention period
- Bonus deferral
- Ex post incorporation of risk for variable remuneration – However the company can decrease or cancel any right to bonus should the capital base of the company or its performance not be sound.
- Requirement on the ratio between fixed and variable remuneration
- The requirement to establish a remuneration committee

GADD defines the following scope.

<b>Functions</b>	<b>Name</b>	<b>Scope in/out</b>
<b>Independent Board Member</b>	Bernard Felten Arcadio Mir	Not applicable since they do not receive any remuneration.

<b>Members of the Board of Directors</b>	Christer Hegardt	Not applicable since they do not receive any remuneration.
<b>Members of Authorised Management</b>	Christer Hegardt Johan Nordström Adnan Ait El Hocine	Applicable
<b>Other risk takers</b>		
Accounting Manager	Patricia Flammant	Not applicable due to variable remuneration below EUR 100.000 (see below)
Assistants	Marzieh Jacques Fatemeh Raeissi	
Chief Investment Officer	Johan Nordström	
Portfolio Managers	Christer Hegardt Bart Joseph Adnan Ait El Hocine Birgitta Thonning	Applicable
<b>Control functions</b>		
Compliance Function	Adnan Ait El Hocine	Not applicable
Risk manager	Bart Joseph	Not applicable
Internal Audit	Outsourced (PwC)	Not applicable
Assessment knowledge & competence	Johan Nordström	Not applicable

### 3. Remuneration Principles

The vision of GADD is to build a close and long-lasting relationship with the clients by bringing excellence, dialogue and trust.

GADD is committed to compensating its employees in a way that is competitive, that protects the clients and investors and ensures that staff members benefit from their personal contribution to GADD's long-term success.

GADD's principles are as follows:

1. remuneration shall be competitive, taking into consideration market practice, be built for encouraging long-term results, growing competencies, strict compliance and long-term performance of the employee;
2. the remuneration policy is in line with the business strategy, objectives, values and long-term interests of GADD, and incorporates measures to avoid conflicts of interest and sustainability risks;
3. control functions. Officers within the risk control and compliance functions are compensated in a manner that is independent of the business area that they oversee, commensurate with their key role in the organisation and based on non-financial objectives.
4. initial individual guaranteed bonuses i.e. "welcome-bonus" is only paid in exceptional cases and after the approval by the Board of Directors. This can only be granted during a period of the first 12 months following the employment.
5. if an voluntary severance allowance would be approved by the Board of Directors in conjunction with the departure of an employee, the payment will not exceed 24 months salary and will not be given if global performance (financial and non-financial criteria) was not in line with expectations.

#### 4. Risk culture

The Board of Directors (hereafter "the BOD") is responsible for establishing, documenting and communicating to the authorized management the main principles and objectives (hereafter the "strategy") governing risk taking and risk management as well as the internal capital planning, management and adequacy.

GADD has set up its risk management function whose object is to measure, monitor, control and report the risks to which GADD is or could be exposed to. The risk manager's function is proportionate to the scale, diversity and complexity of GADD's activities and organization. The risk management function is to be exercised by someone approved by the BOD and CSSF as Risk Manager.

The main objective of GADD within this framework is to develop a risk culture, i.e. the sensibilisation of the employees to the main risks they are confronted within their daily tasks. The Authorised Management puts a particular attention on this topic during the management meetings.

GADD uses an absolute return approach in its investments and performance fee calculations. The aim is to produce a positive absolute return regardless of the directions of financial markets. The resulting portfolio should have low correlation with financial market performance. This approach is combined with a High Water Level Mark clause in calculating performance fees. GADD will only receive performance fees, when the value of the portfolio is greater than its previous greatest value. The absolute return approach in combination with the high watermark give the portfolio manager good incentives to keep down the risk in the clients portfolios since a drop in the value of the performance, results in no performance fees until the previous greatest value is reached again. The bigger the loss the longer the period with no performance fees.

We are aware of the fact that remuneration is linked to risk and apply strict compliance control in monitoring and assessing risk. We also include non-financial qualitative metrics such as strict respect of internal rules and Code of Conduct rules when evaluating

performance of the individual to be able to determine the variable part of the total remuneration.

## 5. Performance Evaluation

GADD believes in and promotes a sound and dynamic performance culture as a means for achieving long-term success and encourage the right behaviours among the employees.

### 5.1. Performance evaluation process

Should there be facts that either the behaviour of the employee is not compliant with the risk culture, any of the GADD internal rules or the code of Conduct, this will cancel any right to any variable compensation (past, present or future), without prejudice of any other legal action against the individual as the case may be.

In any case, full variable compensation will not be awarded should the individual not meet his/her objectives and requirements:

- ✓ Acts with professionalism, creates high personal credibility, delivers high value advise and risk attitude is in line
- ✓ Compliance with AML and MiFID rules, confidentiality and compliance with systems and controls of the company
- ✓ Incidents/ client complaints as well as compliance with the standards governing the relationship with clients
- ✓ Respect of the conflict of interest policy & code of Conduct
- ✓ Knowledge of the market, products, risk management and compliance rules
- ✓ Continually developing knowledge and sharing skills with others as well as Team work

For the sake of transparency and consistency with the Disclosure Regulation, incentive mechanisms are not designed to create risks to the environment or the society. Should any sustainability conflict be detected, the incentive mechanism will be modified to avoid any risk into the sustainability factors.

Considering the number of staff in our entity (12), performance and behaviour evaluation and communication with the Board members is on-going. The evaluation is performed by the Authorised Management for all staff.

Financial metrics are however only applicable for Portfolio Managers and other Material Risk Takers (hereafter “MRT”).

Other staff members of the company (see the scope under point 2) are evaluated on non-financial metrics only.

### 5.2. Performance Metrics and Award Process

GADD pays out the variable remuneration to employees based on their performance. Bonus will only be paid providing the current and future economic situation of the company is satisfactory. This means that bonus will not be paid if the company’s capital

base is not sound or if the performance of our company is not satisfactory. As a consequence the bonus pool will be reduced or cancelled.

## 6. Remuneration Structure

GADD has designed a remuneration structure based upon two major components:

1. Fixed pay
2. Variable pay (short-term cash)

The components above are used to achieve a market competitive total remuneration with a fair mix of fixed and variable compensation, which appropriately reflects the responsibility of the role they perform day to day and as a contribution to influencing appropriate behaviours and actions as well as their performance.

For the sake of transparency and consistency with the Disclosure Regulation, incentive mechanisms are not designed to create risks to the environment or the society. Should any sustainability conflict be detected, the incentive mechanism will be modified to avoid any risk into the sustainability factors.

	<b>Independent Board Member</b>	<b>Board of Directors</b>	<b>Authorised Management/ Directors</b>	<b>Other "MRT"</b>	<b>Control functions</b>
<b>Fixed pay</b>			X	X	X
<b>Variable pay</b>			X	X	
<b>"Jetons de présence"</b>	X	X			

### 6.1. Fixed Pay

The fixed part, at the time of the hiring and thereafter, is determined on the basis of the following criteria:

- the characteristics of the function occupied and the responsibilities relating to it;
- the experience and competence of the employee and their development;
- the situation of the labour market and competition.

The base salary is paid 12 months per year.

Fringe benefits such as housing allowance, company car etc. are granted only on a case-by-case basis.

### 6.2. Variable Pay

Variable pay is a means to drive and reward performance and behaviours to create short- and long-term shareholder value, it is also an essential way of adapting a flexible remuneration cost.

Short-term variable pay models within GADD shall be based on the performance of the individual as well as the business unit as a whole.

To ensure consistency with sound risk management, the approach when finalising the actual outcome shall be disciplined and the link between the result of the business unit, the individual performance and the level of the short term variable pay should be clear.

At the end of the financial year, the total earnings of the company is calculated and a portion is allocated to a performance bonus. The amount is then broken down by individual based on their performance. The total size of the variable remuneration should not limit the company's ability to strengthen its capital base.

The calculation formula of the financial performance is as follows :

$$\begin{array}{rcl} \text{Total earnings} & & \text{Total cost per} \\ \text{per individual} & - & \text{individual (i.e. cost of} \\ & & \text{employment +} \\ & & \text{Operating Cost per} \\ & & \text{employee)} \end{array} = \begin{array}{l} \text{Net profit generated by the} \\ \text{individual} \\ \\ \text{@ X \%} \end{array}$$

## 7. Governance

### 7.1. Ownership

The Board of Directors is responsible for elaborating and following up on the proper implementation of the compensation scheme, for reviewing this policy whenever necessary and following current legislation and for deciding on amendments to this policy.

The Board is also responsible to decide on the total remuneration of the local management and to review on a yearly basis the total remuneration of GADD employees.

### 7.2. Implementation

The authorised management of GADD is responsible for implementing and ensuring that GADD is compliant with the Remuneration Policy currently in force.

### 7.3. Control

A review on the adherence of remuneration in GADD to this Policy shall be conducted yearly. The review is conducted by the Internal Audit function in conjunction with the compliance officer.

A report on the review shall be presented to Board on an annual basis. A copy of this report will be held at the disposal of CSSF.

## 8. Disclosure

GADD's remuneration policy is distributed to all new staff upon joining the company.

An addendum to the existing employment contracts has been signed by common agreement in order to inform each employee about the remuneration policy and obtain



their adherence to the evaluation metrics. Each new employee signs an employment contract compliant with the remuneration policy before joining the company.

#### 9. Entry into force

This remuneration policy replaces any previous version.