



# Remuneration Policy

BTG Pactual Europe Management Company S.A.

30/08/2024



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## 1. Scope

### 1.1. BTG Pactual Group

Since 20 September 2023, BTG Pactual Europe Management Company S.A. (**BTG Pactual Europe Mgmt Co.**), held by BTG Pactual Europe S.A. (formerly FIS Private Bank S.A.) – a fully licensed private bank in Luxembourg, has joined the BTG Pactual group (the Group).

BTG Pactual is a financial institution incorporated in Brazil, acting in the biggest financial markets in Latin America. BTG Pactual business strategy is focused on Investment Banking, Corporate & SME Lending, Sales and Trading, Asset Management, Wealth Management & Consumer Banking and Consumer Lending and Insurance Participations.

BTG Pactual have presence in different regions. The offices are located in Brazil, Chile, Colombia, Mexico, Peru, Argentina, United States, United Kingdom, Spain, Portugal and Luxembourg.

The acquisition of BTG Pactual Europe S.A. (**BTG Pactual Europe**) and of BTG Pactual Europe Mgmt Co. is a milestone for BTG Pactual's strategy in Europe and a strategic investment decision. Operating a bank as well as a UCITS Management Company in Luxembourg will enable to serve all BTG Pactual's clients' needs in the region, fostering the activities of BTG Pactual's European offices and offering a full suite of products and services to European client base and to Latin Americans aiming to diversify their investment portfolios. Being in Luxembourg is a key element to bolster those activities, attract new clients and serve them with the same dedication that BTG Pactual does in its home markets.

### 1.2. BTG Pactual Europe Management Company S.A.

BTG Pactual Europe Mgmt Co. is a management company authorized under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment; it offers tailor-made solutions for the management of UCITS investment funds.

### 1.3. Scope of remuneration policy

This remuneration policy (the **BTG Pactual Europe Management Company S.A. Remuneration Policy**) sets the framework for the Remuneration of all staff members including staff identified as material risk takers (**Staff Members**) of BTG Pactual Europe Mgmt Co. It is therefore applicable to all Staff Members of BTG Pactual Europe Mgmt Co., with specific rules applying for Identified Staff.

BTG Pactual Europe Mgmt Co.'s remuneration policy is aligned with the principles and values of the BTG Group's meritocratic partnership model.

BTG Pactual Europe Mgmt Co. has its own Remuneration Policy, as it is subject to a specific remuneration regime. The BTG Pactual Europe Management Company S.A. Remuneration Policy is overall aligned to the remuneration policy of BTG Pactual Europe, although adjusted to account for the specific remuneration regulations applicable to BTG Pactual Europe Mgmt Co..

Where Group-related remuneration policies and the BTG Pactual Europe Management Company S.A. Remuneration Policy conflict due to local legal considerations, BTG Pactual Europe Management Company S.A. Remuneration Policy shall always prevail. Deviations from the remuneration policies in place are however exclusively conceivable to the extent local mandatory rules dictate so.

BTG Pactual Europe Management Company S.A. Remuneration Policy shall not create any acquired/(quasi-)contractual rights to any Staff Members and can be amended at any time at the discretion of BTG Pactual Europe Mgmt Co.. The provisions of BTG Pactual Europe Management Company S.A. Remuneration Policy shall prevail over any (quasi-)contractual provisions relating to Remuneration.

#### 1.4. Legal framework

The BTG Pactual Europe Management Company S.A. Remuneration Policy has been drawn up taking into account to the following legislations and guidelines (the “**Legal Provisions**”):

- the law of 17 December 2010 concerning undertakings for collective investment;
- CSSF circular 10/437 concerning the remuneration policies in the financial sector;
- CSSF circular 18/698 on authorisation and organisation of fund managers incorporated under Luxembourg law
- ESMA Guidelines (ESMA/2016/575) on sound remuneration policies under the UCITs Directive
- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

The Remuneration Policy is effective as of September 1<sup>st</sup>, 2024.

#### 1.5. Philosophy

BTG Pactual Europe Management Company S.A. Remuneration Policy aims to create competitive remuneration packages in order to attract and retain employees. It is consistent with the Group’s and BTG Pactual Europe Mgmt Co.’s business and risk strategy, corporate culture and values and their long-term interests, but also of the shareholders, investors and Staff Members. It focuses on the avoidance of conflicts of interest and, in particular, of incentives to take increased risks with the aim of obtaining increased Variable Remuneration. It takes into account the compatibility with an adequate and sound risk management and is intended not to encourage risk

taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITs managed and the risks taken by investors.

BTG Pactual Europe Management Company S.A. Remuneration Policy shall be gender neutral, i.e. no distinction shall be made between Staff Members of male, female or diverse gender for equal work or work of equal value pursuant to Article 157 of the Treaty of the Functioning in European Union.

BTG Pactual Europe Mgmt Co. will ensure that the value of Staff Members' position is documented (including, e.g. job descriptions) and that positions of equal value (in view of the tasks and duties assigned to the position) are compensated in a gender-neutral manner. Gender pay gap monitoring will be carried out at BTG Pactual Europe level.

In addition, all Staff Members must comply with the policies in place reflecting the increased importance of, and the responsibilities of businesses in relation to, sustainability (Regulation (EU) 2019/2088), and in particular comply with the Social, Environmental and Climate Responsibilities Policy which defines the principles and guidelines of a social, environmental, and climate policies to be followed by the entities comprising the Prudential Conglomerate of BTG Pactual (BTG Conglomerate), as well as by the entities of the BTG Pactual Economic Group (understood as the entities directly or indirectly controlled by BTG Pactual S.A. and included in the Consolidated Financial Statement) in the conduct of their business, activities and operational processes, as well as the relationship with their clients and other stakeholders.

ESG principles are integrated throughout its operations, from the highest levels of governance to stakeholder engagement. This includes incorporating ESG considerations into decision-making processes, risk management frameworks, and performance evaluations, as well as regularly monitoring and reporting on ESG performance.

### **1.6. Objectives of the Remuneration Policy**

This Policy has been defined in accordance with the philosophy described in the previous paragraph and pursues, in particular, the following objectives:

- a) avoid potential conflicts of interest
- b) aligning the risks taken by Staff Members with those of the UCITs managed, the investors of such UCITs and BTG Pactual Europe Mgmt Co. itself;
- c) encourage Staff Members involved in providing services to clients and other stakeholders to adopt responsible business conduct, promote fair treatment and protect the interests of clients and more generally the long-term interest of BTG Pactual Europe Mgmt Co. and the Group;

- d) implement the Group's and BTG Pactual Europe Mgmt Co.'s business strategy, in line with their mission, values, long-term interests and best practices and trends in the market;
- e) ensure that the Remuneration of Staff Members complies with the duties of conduct to which they are bound by law and/or contractual provision;
- f) ensure that the Remuneration of Staff Members does not jeopardize the interests and rights of clients, investors and other stakeholders, is adapted to the real and concrete needs of the work and to their ability to honor the commitments made to BTG Pactual Europe Mgmt Co.;
- g) promote sound and prudent risk management, not allowing risk-taking at a higher level than that tolerated by BTG Pactual Europe Mgmt Co., UCITS managed, investors and other stakeholders; and
- h) ensuring that the actions of Staff Members respect the values and image of BTG Pactual Europe Mgmt Co. and the Group, creating value for the company through the provision of excellent services to investors and other stakeholders.

## 1.7. Proportionality

### 1.7.1. At BTG Pactual Europe Mgmt Co. level

BTG Pactual Europe Mgmt Co. will rely on the proportionality principle in compliance with the Legal Provisions, and will therefore disapply the obligation to pay Variable Remuneration in financial instruments and in deferral (the „Pay-Out Rules“), for so long as it will continue to meet the criteria for proportionality, notably in view of its size as well as the size of the UCITS it manages, its internal organization and the nature, scope and complexity of its activities, as:

- the value of BTG Pactual Europe Mgmt Co.'s capital and the value of the assets under management of the UCITS that BTG Pactual Europe Mgmt Co. manages are not substantial especially compared to the threshold provided for the setting of a remuneration committee as provided under point 57 of the ESMA Guidelines;
- the number of staff is low;
- there are no branches or subsidiaries of BTG Pactual Europe Mgmt Co.;
- BTG Pactual Europe Mgmt Co.'s area of activities covers a limited number of EU jurisdictions;
- the legal structure of BTG Pactual Europe Mgmt Co. or the UCITS it manages is straightforward,
- the internal governance structure of BTG Pactual Europe Mgmt Co. is not complex;
- there is no listing on regulated markets of BTG Pactual Europe Mgmt Co. or the UCITS it manages;
- BTG Pactual Europe Mgmt Co. only performs the type of authorized activities (collective portfolio management of UCITS only) under chapter 15.

Accordingly, BTG Pactual Europe Mgmt Co. does not have to apply the requirements on deferral of Variable Remuneration and its payment in instruments.

### 1.7.2. At the level of the Identified Staff

The Company will identify as Identified Staff, Staff Members who can have a material impact on the risk profile of BTG Pactual Europe Mgmt Co. or on a UCITS it manages, either based on their role, the structure of their remuneration or the size of their obligations into which they may enter on behalf of BTG Pactual Europe Mgmt Co. unless BTG Pactual Europe Mgmt Co. can demonstrate that they have no material impact on the management company's risk profile or on a UCITS it manages, in line with section 3.1 below.

### 1.7.3. Ex-post risk adjustments

Irrespective of the application of the proportionality principle, BTG Pactual Europe Mgmt Co. reserves the right to withhold or reclaim, through malus and/or claw back all or part of the Variable Remuneration if circumstances become known that:

- the assessment leading to the award and/or payment of Variable Remuneration was based on manipulations where the Staff Member was involved in or responsible for;
- the Staff Member was involved in or responsible for a situation that resulted in a significant downturn in the financial performance of BTG Pactual Europe Mgmt Co. and/or the UCITS managed and/or the Group;
- the Staff Member was involved in or responsible for a situation that resulted in a significant failure of risk management for BTG Pactual Europe Mgmt Co. or the UCITS managed;
- there is evidence of serious misconduct or error by the Staff Member, which may include but is not limited to, involvement in/responsibility for:
  - breach of code of conduct and other internal rules;
  - breach of external/internal regulations related to standards of suitability and conduct;
- the Staff Member was involved in or responsible for a situation that led to any regulatory sanctions, e.g. punitive, administrative, disciplinary or otherwise, which have been inflicted by the regulator or any competent authorities.

„Involvement in“ as per the aforementioned situations shall be understood as/given in the following cases:

- the facts could lead to the dismissal (with or without notice) of the Staff Member as per case-law; and/or
- the Staff Member's involvement was intentional, grossly negligent (irrespective of the definition provided by labor courts, i.e. even if in view of e.g. the employee's age and seniority a dismissal without notice could not be reasonably considered) or resulted from an unacceptable toleration or omission, the unacceptability to be assessed in view of a Staff Members' role, level of qualifications, experience and seniority.

„Responsible for“ as per the aforementioned situations shall be understood as a scenario where any of the aforementioned is committed by another person but attributed to the Staff Member as a result of a failure of his/her supervision or monitoring duties.



Any cancellation of award, in whole or in part, as well as any repayment claim can take place for a period of 3 years:

- as of the award (in case of application of a malus, i.e. where the award was made but has not yet vested and/or been paid out); or
- as of the payment (in case of claw back, i.e. when the award has vested and/or been paid out).

BTG Pactual Europe Mgmt Co. reserves the right to seek reimbursement of the gross amount paid to the Staff Member – as opposed to the net amount. BTG Pactual Europe Mgmt Co. may, at its entire discretion, agree on a repayment plan. Where Variable Remuneration has been paid in instruments, reimbursement shall be on the amount effectively paid out (as opposed to the value of the instrument at the time of award).

## **2. Remuneration policy for all Staff Members**

### **2.1. General principles**

Remuneration for all Staff Members is divided into either Fixed Remuneration or Variable Remuneration. There is no third category of Remuneration.

All Remuneration, whether it is Fixed or Variable, is determined based on gender-neutral and non-discriminatory criteria and with the goal of ensuring equal opportunities to all Staff Members.

There will be no discrimination on the basis of protected characteristics when determining Fixed and Variable Remuneration awards.

### **2.2. Fixed Remuneration**

Fixed Remuneration includes the base salary, fringe benefits and to the extent eligible, an expatriation-related package. Fixed Remuneration is determined by experience, aptitude for the role, market data and reflects the Staff Member's professional experience, level of education and organizational responsibility as set out in the terms of employment. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

The Fixed Remuneration is agreed in the (employment) contract (in alignment with local laws). In addition, Staff Members may be eligible for enrolment in a market standard complementary pension scheme (excluding the Board of Directors in its management function), as well as ancillary benefits such as luncheon vouchers, car allowance, etc.

Expatriates may receive an expatriation-related package which includes compensation for the difference in the cost of living, compensation for housing and school fees, in accordance with legal requirements and in line with the BTG Mobility Policy.

BTG Pactual Europe Mgmt Co. will generally apply the following rules to assess whether a Remuneration component shall be considered Fixed, noting that Remuneration is fixed where the conditions for its award and its amount are:

- based on predetermined criteria;
- non-discretionary reflecting the level of professional experience and seniority of the Staff Member;
- transparent with respect to the individual amount awarded to the individual Staff Member;
- permanent, i.e. maintained over a period tied to the specific role and organizational responsibilities;
- non-revocable;
- not permitted for reduction, suspension or cancellation by the institution;
- not providing incentives for risk assumptions; and
- not depending on performance.

Where the clear allocation of a component to the Fixed Remuneration is not possible based on the aforementioned criteria, it should be considered as Variable Remuneration.

## 2.3. Variable Remuneration

### 2.3.1. Principles

Variable Remuneration is designed to ensure sound-risk management and does not promote or encourage excessive risk-taking. Variable Remuneration is discretionary and as such will be determined at BTG Pactual Europe Mgmt Co. 's sole discretion in relation to all Staff Members.

Variable Remuneration is determined by contribution and performance in a given performance year; it is assessed and shall vary depending on the performance criteria set, reflecting the long-term performance and objective of BTG Pactual Europe Mgmt Co. and the Staff Member as well as the achievement of the investment strategy of UCITs managed and the business plan. It can amount to zero, as BTG Pactual Europe Mgmt Co. reserves the right to pay no Variable Remuneration. BTG Pactual Europe Mgmt Co. reserves the right to apply malus/claw back as per section 1.7.3. „ Ex-post risk adjustments “.

The Group issues an envelope that is reviewed and adopted by the Board of Directors in its supervisory function in accordance with compliance and risk and upon confirmation of adequacy. The factors used in setting bonuses are discretionary. The bonus envelope and potential award/payment are based on at least the following factors:

- BTG Pactual Europe Mgmt Co.'s /Group's performance;
- Individual risks and performance determined using financial and non-financial criteria including, however not limited to, compliance with firm policies;
- UCITs' risks and performance.

Variable Remuneration will only be awarded/paid out provided that doing so enables the achievement/maintaining of a sound financial situation. If, for whatever reason, the award/payment would threaten the requirement for a sound financial situation, no such award/payment should be made irrespective to (inter alia) the individual performance target being met. The satisfaction of this condition will be assessed at the time an adequate bonus pool is determined, as well as at the time of award and at the time of payment. The Board of Directors in its supervisory function and the relevant control functions will be involved as appropriate to examine/confirm that the determination of the bonus pool, the award and the payment of Variable Remuneration adequately take into consideration risk and the overall financial situation.. It will be ensured that Variable Remuneration will not endanger the financial stability of BTG Pactual Europe Mgmt Co. and that the Legal Provisions in relation thereto are complied with.

### **2.3.2. Setting Bonus**

For the setup of the Variable Remuneration envelope, the Board of Directors in its supervisory function will receive a suggestion based on a consolidated bottom-up exercise executed by each department of BTG Pactual Europe Mgmt Co. aligned with BTG Group guidelines.

This envelope will be approved by the Board of Directors in its supervisory function in line and accordance with the Group's remuneration policies and BTG Pactual Europe Management Company S.A. Remuneration Policy (see section 2.3.1. „Principles“).

When setting the bonus pools, the following will be taken into account:

- the performance and risk criteria associated with the activities undertaken, as well as control objectives, BTG Pactual Europe Mgmt Co.'s financial situation, and the financial situation of the Group. The performance indicators used to calculate the bonus pool should include long-term performance indicators and take into account the realized financial results.
- the role played by Variable Remuneration in Staff Members' attraction and retention.

Variable Remuneration will be paid provided the qualitative and quantitative criteria described below are met and the conditions set out in this Policy are fulfilled.

### **2.3.3. Elements of Variable Remuneration**

- **Cash bonus**

Variable Remuneration will be paid 100% in cash. Variable Remuneration exceeding EUR 200,000 will be paid in two instalments, separated by a period discretionarily defined by BTG Pactual Europe Mgmt Co., which cannot be superior to six months. Where the Staff Member's employment has been terminated (as of a dismissal at the

initiative of BTG Pactual Europe Mgmt Co. or due to resignation) before/on the date of payment, the amount of Variable Remuneration will be forfeited, in line with section 2.3.4 „Eligibility Conditions“.

- **Retention bonus**

Retention bonuses may be awarded in order to demonstrate BTG Pactual Europe Mgmt Co.'s legitimate interest in retaining Staff Members.

Retention bonuses are subject to a permanence condition (i.e. period of time during which the staff shall remain actively employed in the company in order to be entitled to the retention bonus), specific performance conditions as may be applicable and adequate conduct of the staff.

The event or justification that made necessary the award of a retention bonus will be properly documented.

A retention period for which the event or justification exists will be determined, including the start and end date and the retention bonus will be awarded on the conditions that the permanence, performance (as applicable) and adequate conduct conditions have been met at the end of the retention period.

- **Guaranteed variable remuneration**

Variable Remuneration may only be guaranteed in the context of hiring new staff and will take the form of "welcome bonuses"/"sign-on" bonuses. It is strictly limited to the first year of employment.

Guaranteed Variable Remuneration is prohibited, except in the context of recruitment in relation to the first year of employment in line with the law; otherwise, Variable Remuneration shall never be considered as guaranteed and shall never constitute a contractual/quasi-contractual right for the Staff Members; it shall never create any right to any similar benefits in the future.

- **Buy-out bonuses**

In exceptional circumstances, a Staff Member may be entitled to a one-time buy-out bonus to compensate the loss of Variable Remuneration by leaving a former employer to join BTG Pactual Europe Mgmt Co..

A specific clause will be included in the Staff Member's employment contract.

- **Severance pay**

Severance payments may be awarded as an appropriate compensation in case of early termination of contract.

Severance payments may be granted in the context of out-of-court settlement of labor disputes, to avoid a long and costly judicial procedure of uncertain outcome. BTG Pactual Europe Mgmt Co. will seek appropriate legal advice on the risk in court from labor law experts and will ensure that the amounts granted will not be higher than what is provided by the laws, regulations and the awards generally granted by competent courts.

#### **2.3.4. Eligibility Conditions**

Eligibility for a discretionary bonus is dependent on the Staff Member being continuously employed by BTG Pactual Europe Mgmt Co./the Group up to and including the date such award is actually paid. Staff Members will forfeit any entitlement to a discretionary bonus if, on or before the payment date, they have given notice of resignation or they have received notice of termination of employment, for any reason, with or without notice (or payment in lieu of notice).

If, on or before the payment date of a discretionary bonus, a Staff Member is subject to any disciplinary proceedings that could result in dismissal, either with or without notice, potential eligibility to a discretionary bonus will be suspended pending the outcome of the disciplinary proceedings. If as a result of the disciplinary proceedings, the Staff Member is subsequently dismissed, s/he will forfeit all rights to a discretionary bonus.

#### **2.4. Performance assessment**

Variable Remuneration is determined taking into account BTG Pactual Europe Mgmt Co., individual as well as, as appropriate, business unit/managed UCITs' performance .

##### **2.4.1. BTG Pactual Europe Mgmt Co.'s performance**

BTG Pactual Europe Mgmt Co.'s performance is measured in line with its business plan, also taking into account the overall performance of the Group.

When determining the amount to be allocated and paid as Variable Remuneration, the performance of BTG as a whole, considering the various types of current and future risks, as well as the financial situation of BTG Pactual Europe Mgmt Co. are taken into account.

##### **2.4.2. Individual performance**

An individual's performance appraisal is an input into the assessment of the staff performance. The performance appraisal process is set out in the onboarding process for all new Staff Members and annually communicated and updated to all Staff Members.

Individual goals are set each year and assessed twice a year. The setting of objectives for Staff Members, including Identified Staff, will be done by the line managers and functional reports within BTG Group, if applicable. Risk Management and Compliance functions shall provide input to HR in respect of any concerns about the behavior of the individuals concerned or the riskiness of the business undertaken.

Individual performance awards are discretionary in nature and based on performance assessment by managers based on objective criteria, both quantitative and qualitative, including financial and non-financial performance criteria for individuals.

The quantitative criteria may typically include: generation of income, contribution to shareholder value, target achievement, strengthening of customer relationship, etc.

The qualitative criteria may typically include investor satisfaction, compliance with BTG Pactual Europe Mgmt Co./the Group's policies and the Group's Core Principles, i.e. (i) Client Focus, (ii) Entrepreneurial And Innovative Spirit, (iii) High Performance And Excellence, (iv) Hard Working And Hands On, (v) Long Term Vision And Ambition and (vi) Team Work.

Where Staff Members in control functions receive Variable Remuneration, it will be appraised and determined based on function-specific objectives and will not be determined solely by the management company-wide performance criteria.

Variable Remuneration is discretionary and payment in a given year does not create any rights for the future. Issues in performance at whatever level can lead to a reduction (down to zero) of Variable Remuneration.

#### **2.4.3. Business unit/UCITs performance**

The performance of the business unit in which the Staff Members work/of UCITs managed will also be taken into account as appropriate.

### **3. Remuneration policy for Identified Staff**

This section of BTG Pactual Europe Management Company S.A. Remuneration Policy provides details on the Remuneration of the Staff Members whose professional activities have a material impact on BTG Pactual Europe Mgmt Co. 's risk profile, identified as „material risk takers“ and therefore classified as Identified Staff (see also section 1.7.2).

#### **3.1. Staff identification process**

The identification of staff as material risk takers of BTG Pactual Europe Mgmt Co. will be made in accordance with the relevant guidelines and remuneration regulations and in line with section 1.7.2 above. A consolidated list of Identified Staff will be assessed and held at Group level and at the level of BTG Pactual Europe.

A detailed analysis of the Staff Members whose activities have a material impact on the risk profile of BTG Pactual Europe Mgmt Co. or the UCITS it manages shall be carried out at the time of recruitment and at least on an annual basis.

In principle, the following Staff Members will qualify as Identified Staff, unless it is demonstrated that they have no material impact on BTG Pactual Europe Mgmt Co.'s risk profile or the UCITS it manages: members of the Board of Directors, control functions, staff responsible for heading the investment management, administration, marketing, human resources, staff who can enter into contracts/positions and taking decisions that materially affect the risk positions of BTG Pactual Europe Mgmt Co. or the UCITS it manages (e.g. sales persons, traders) and, if they have a material impact on BTG Pactual Europe Mgmt Co. or the UCITS it manages, other

employees/persons whose total remuneration falls into the same remuneration brackets of the aforementioned risk takers.

### **3.2. Structure of Remuneration**

#### **3.2.1. Principles**

The Remuneration of Identified Staff is, as for all other Staff Members, composed of Fixed and Variable Remuneration.

However, as an exception to this rule, if compensated, members of the Board of Directors in its supervisory function shall receive an exclusively Fixed Remuneration. This complies with the regulatory requirements to avoid conflicts of interest.

BTG Pactual Europe Mgmt Co. will ensure that Identified Staff do not use personal hedging solutions to compensate for the loss of Variable Remuneration/undermine risk alignment effects on the Variable Remuneration. Likewise, it will be ensured that Variable Remuneration is not paid through vehicles or methods which aim at artificially evading the remuneration policy rules and requirements.

#### **3.2.2. Appropriate balance between Fixed and Variable Remuneration**

The Fixed Remuneration will represent a sufficiently high proportion of the total Remuneration to enable the operation of a fully flexible policy on Variable Remuneration awards, including the possibility of paying no Variable Remuneration component.

In relation to independent control functions in particular, they will predominantly be compensated with Fixed Remuneration in order to take into account the nature of their activities.

The Chairman of the Board of Directors together with the competent Human Resources team will consider the balance between the Variable and Fixed Remuneration as part of the annual Remuneration process relative to the entity's business activities, the role of the individual and the impact of each individual within the company, with review and approval by the Board of Directors in its supervisory function and involvement of control functions as appropriate.

#### **3.2.3. Elements of Variable Remuneration**

The Variable Remuneration of Identified Staff is also subject to the following principles:

- **Buy-out bonus**

Buy-out bonuses can be granted in the context of hiring new staff, provided that BTG Pactual Europe Mgmt Co. has a sound financial situation.

- **Severance pay**

Severance payments shall not reward failure or misconduct and will not be awarded in case of dismissal without notice due to the seriousness of the reasons for termination. The severance payments will be reviewed on a case-by-case basis by the Board of Directors in its supervisory function, with the appropriate involvement of control functions.

## **4. Governance**

The Board of Directors in its supervisory function of BTG Pactual Europe Mgmt Co. is responsible for adopting and maintaining the Remuneration Policy and oversee its implementation to ensure it is applied as intended. The Board of Directors in its supervisory function has refrained from forming a remuneration committee in accordance with the proportionality principle as provided under section 1.7.1 above. In this respect, the setting of bonus pool will be done as described in section 2.3.2. „Setting Bonus“. In relation to individual payments:

- the Board of Directors in its supervisory function will, based on the envelope determined in accordance with section 2.3.2. „Setting Bonus“ and the bottom up approach, approve the Variable Remuneration for Identified Staff and oversee such Variable Remuneration on a regular basis;
- the Board of Directors in its supervisory function will monitor the Remuneration of the heads of the independent control functions;
- the Conducting Officers in their management function will, based on the envelope and the bottom up approach, approve and oversee on a regular basis the Variable Remuneration in relation to all other Staff Members;
- Human Resources will be adequately involved in the process and share to the Board of Directors all information relevant to the exercise.

Should periodical review of the Remuneration Policy reveal that BTG Pactual Europe Management Company S.A. Remuneration Policy does not operate as intended, the Board of Directors in its supervisory function ensures that an action plan is proposed, approved and timeously implemented.

At least once a year, the Board of Directors in its supervisory function shall also review compliance with and any need for adjustment of BTG Pactual Europe Management Company S.A. Remuneration Policy within the framework of the adopted review process of internal governance. The results of this review process are documented in the minutes of the meeting of the Board of Directors in its supervisory function.

In addition, the internal audit department examines the Remuneration Policy of BTG Pactual Europe Mgmt Co. once a year within the framework of the strategic internal audit plan adopted by the Board of Directors and reports on it or on any findings to the Board of Directors. This internal audit report is formally discussed at a meeting of



the Board of Directors in its supervisory function and thus forms the basis for the monitoring of the Remuneration Policy by the Board of Directors in its supervisory function, including any adjustment and/or revision requests to the Board of Directors in its management function. The annual summary report of the internal audit is also sent to the supervisory authority (CSSF) in fulfilment of the relevant reporting obligations.

HR shall participate in the adoption and monitoring of the Remuneration Policy, including the Remuneration structure, the aspect of gender neutrality, Remuneration levels and incentive schemes. It ensures that the Remuneration Policy is aligned with BTG Pactual Europe Mgmt Co. 's risk profile.

Risk Management/Compliance review this Remuneration Policy regarding its compliance with all legal requirements and avoiding excessive risks.

In the event of a significant change in the business model or the risk situation of the company, the assumptions of the Remuneration Policy must be immediately reviewed and, if necessary, adjusted.

## **5. Disclosure**

The Remuneration Policy will be disclosed to all Staff Members. Relevant information regarding the BTG Pactual Europe Management Company S.A. Remuneration Policy are made available to all members of the Board of Directors. BTG Pactual Europe Mgmt Co. publishes relevant information on the Remuneration Policy in its annual reports, on the company's webpage and in accordance with the legal provisions in effect.

Each significant change in the BTG Pactual Europe Management Company S.A. Remuneration Policy will be duly communicated.

