

Arco SICAV p.l.c.

Remuneration Policy

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1. Introduction

Arco SICAV plc. (the “**Company**”) has established and applies a remuneration policy (the “**Policy**”) in accordance with the principles laid out under UCITS V, and any related legal & regulatory provisions applicable in Malta.

The Policy is designed to ensure that the Company's remuneration policies, procedures and practices are consistent with and promote sound and effective risk management and do not encourage excessive or inappropriate risk taking which is inconsistent with the risk profiles of the sub-funds of the Company (the “**Sub-Funds**”). The Policy is also designed to be in line with the Company’s business strategy, objectives, values and long-term interests, and also to take into account the interests of the investors in such funds.

The Policy covers the remuneration of Identified Staff (as defined in the ESMA Guidelines defined below), i.e. those categories of staff, including senior and executive management risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Sub-Funds. The list of the Identified Staff is detailed in section 3 of this Policy.

Where applicable, this Policy takes into account the European Securities Markets Authority (“**ESMA**”) Consultation Paper “Guidelines on sound remuneration policies under the UCITS V Directive” (the “**Consultation Paper**”) and ESMA's Guidelines on sound remuneration policies under the UCITS Directive and AIFMD which were subsequently published on 31 March 2016 (the “**ESMA Guidelines**”) as well as MFSA’s Guidance Notes on the application of the proportionality principle in relation ESMA’s guidelines issued on 31 January 2017.

This Policy has been drafted based on the Company’s assessment on the application of the proportionality principle as set out in section 4.2 and therefore applies certain exemptions. The Company has performed its assessment, taking into accounts its size, internal organisation and the complexity of its activities, with respect to the Company as a whole and for each category of staff, including the Identified Staff, in accordance with the principles included in ESMA’s and MFSA’s guidelines. The Company will regularly review and at least, annually, the application of the proportionality principle.

2. Governance and Remuneration Policy

The Company is a collective investment scheme established as a self-managed multi-fund investment company with variable share capital with limited liability registered under the laws of Malta and licensed by the MFSA under the Investment Services Act (Chapter 370 of the Laws of Malta). The Company qualifies as a ‘Maltese UCITS’ in terms of the UCITS Regulations. The Company operates as a self-managed Maltese UCITS in terms of the MFSA Rules and accordingly the management of its business and activities will be carried out internally by the Company. The Company will employ its employees but has, however, delegated various functions, including some aspects of the investment and risk management processes.

The Company has an investment committee to carry out core and oversight activities of the investment management function. The Investment Committee will be supported by the Company’s

employees, who will be responsible for the day-to-day management activities and oversight and monitoring function over the Portfolio Managers based overseas.

As a self-managed SICAV, the Company ensures that its Policy adequately reflects its structure, core and oversight activities. This policy aims to avoid encouraging excessive risk-taking and also minimise conflicts of interest on the remuneration of staff. As such, it should be noted that its employees who are identified as risk-takers under UCITS V are not remunerated based on the performance of the funds under management.

The Investment Committee has delegated discretionary day-to-day management of certain of the assets of each Sub-Fund to various regulated Portfolio Managers that are listed in the prospectus. The risk management function is outsourced to an established licensed and reputable Malta-based local service provider – ZAS Malta which will be appointed Risk Manager of the Sub-Funds.

The Company ensures that appropriate contractual arrangements have been put in place in order to ensure that the interests of all stakeholders are closely aligned and is designed to motivate employees at all levels of the Company to achieve shared and individual objectives.

3. Identified/Remuneration Code Staff

The Company is responsible for identifying the members of staff who fall within the definition of Identified Staff. The term Identified Staff is broadly defined in the UCITS V Directive and includes but is not limited to senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Sub-Funds.

Accordingly, the Company has determined that the following staff members would fall within the definition of “Identified Staff”:

- 1) Members of the Board of Directors
- 2) Members of the Investment Committee
- 3) Portfolio Manager/s
- 4) The Money Laundering Reporting Officer (“MLRO”)
- 5) The Compliance Officer
- 6) Risk Manager
- 7) Senior members of staff

Names of the Identified Staff are disclosed in Annex I of this policy.

4. Remuneration

In accordance with Article 14(b)(1) of the UCITS V Directive, the Company must comply with the following principles regarding remuneration applicable to its Identified Staff in a way and to the extent that is appropriate to the Company’s size, internal organisation and the nature, scope and complexity of its activities:

- (a) the Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS it manages;
- (b) the Policy is in line with the business strategy, objectives, values and interests of the Company and the UCITS it manages and of the investors in such funds, and includes measures to avoid conflicts of interest;
- (c) the Policy is adopted by the Board of Directors of the Company in its Supervisory Function and that body adopts, and reviews at least annually, the general principles of the Policy and is responsible for, and oversees, their implementation. The tasks referred to in this point shall be undertaken only by non-executive members of the Board of Directors.
- (d) the implementation of the Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Board of Directors of the Company in its Supervisory Function;
- (e) staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- (f) the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration function;
- (g) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or UCITS concerned and as to their risks and of the overall results of the Company when assessing individual performance, taking into account financial and non-financial criteria;
- (h) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the Company in order to ensure that the assessment process is based on the longer term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- (i) guaranteed variable remuneration is exceptional, generally occurs only in the context of hiring new staff and is generally limited to the first year of engagement;
- (j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high 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;
- (k) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
- (l) subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50 percent (50%) of any variable remuneration component consists of units or shares of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as

any of the instruments referred to in this subparagraph, unless the management of the UCITS accounts for less than fifty percent (50%) of the total portfolio managed by the Company, in which case the minimum of fifty percent (50%) does not apply.

The instruments referred to in this subparagraph shall be subject to an appropriate retention policy designed to align incentives with the interests of the Company and the UCITS it manages and the investors of such funds. The Member States or their competent authorities may place restrictions on the types and designs of those instruments or prohibit certain instruments as appropriate. This subparagraph shall be applied to both the portion of the variable remuneration component deferred in line with subparagraph (n) and the portion of the variable remuneration component not deferred;

- (m) at least forty percent (40%) of the variable remuneration component is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question. The period referred to in this subparagraph shall be at least three (3) years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least sixty percent (60%) of the amount shall be deferred;
- (n) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified according to the performance of the business unit, the UCITS and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Company or of the UCITS concerned occurs, taking into account both current compensation and reductions in pay-outs of amounts previously earned, including through malus or clawback arrangements;
- (o) the Policy is in line with the business strategy, objectives, values and long-term interests of the Company and the UCITS that it manages. If the employee leaves the Company before retirement, discretionary benefits shall be held by the Company for a period of five (5) years in the form of instruments referred to in subparagraph (l). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (l), subject to a five (5) year retention period;
- (p) 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; and
- (q) variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in the UCITS Directive.

4.1 General principles

The Board of Directors of Arco SICAV plc (the “**Board**”) is responsible for approving and maintaining the Policy, and overseeing its implementation. The Policy will not be controlled by any executive members. The Board will approve any subsequent material changes to the Policy and carefully consider and monitor their effects, and will review the Policy at least annually.

The Company has a conflicts of interest policy in place.

There are no pension policies in place.

4.2 Proportionality

The principles contemplated above are to be complied with by the Company in a way and to the extent that is appropriate to the Company's size and the size of the UCITS it manages, the Company's internal organisation and the nature, scope and complexity of its activities.

The Company, after a self-assessment, complies with the requirements in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of its activities and products. Reference has been made to ESMA's Guidelines on sound remuneration policies under the UCITS Directive and Alternative Investment Fund Managers Directive (the "AIFMD") and MFSA's Guidance Notes on the application of the proportionality principle in relation to the ESMA Guidelines. The self-assessment is described below in greater detail.

Size

- Assets under management for UCITS is less than one billion and two hundred and fifty million Euro (€1,250,000,000) (but amounts to circa two hundred million Euro (€200,000,000));
- Number of employees: the Scheme will employ a minimum of one (1) person on a full-time basis or two (2) persons on a part-time basis (and in any case less than five (5) persons) to be based in Malta to support the investment committee of the Scheme in performing its oversight and monitoring function over the Portfolio Managers based overseas.

Internal organization

- Self-managed UCITS licensed in Malta comprised of four (4) Sub-Funds;
- Not listed and has a simple internal structure that is based in Malta
- It operates from Malta and has a small staff complement
- It is internally governed with some aspects/functions of investment management and risk management outsourced to third party regulated portfolio managers and an external risk manager;
- The activities of fund administration are delegated to Malta based third-party fund administrators.
- Strategic decisions are taken by the Board
- Sub-funds managed are considered to be non-complex

Nature, scope complexity of activities/products

- The Sub-Funds investment in straightward securities including global stocks and bonds and other UCITS;
- Non-complex investment objectives and strategies
- The strategies of the different Sub-Funds within the Company are aligned
- None of the Sub-Funds is listed
- Sub-Funds are not leveraged, not complex and open-ended.
- Sub-Funds may invest in financial derivatives exclusively for the purposes of efficient portfolio management (specifically currency derivatives entered into solely to manage currency risk);
- The Scheme is not actively traded.

Conclusion

Taking all of the above into account (i.e. its size, internal organisation nature, the scope and complexity of its activities), the Board of Directors have decided to not apply the Pay Out Process Rules requirements of payment of variable remuneration in instruments, retention, deferral and ex post incorporation of risk for variable remuneration. The Board is satisfied that those dis-applications are reconcilable with the risk profile, risk appetite and the strategy of the Company and of the Sub-Funds managed.

Similarly, for the same reasons, the Company has not established a Remuneration Committee.

4.3 Remuneration components

The Company pays fixed remuneration to all of the categories of Identified Staff indicated above in accordance with their roles and responsibilities, except for remuneration to third party portfolio managers, who are paid in accordance with industry standard on the basis of flat fees on the level of assets held under management. No portfolio managers engaged by the Company will be paid performance fees.

Board and Investment Committee members

The Directors and the members of the Investment Committee receive fixed remuneration in respect of their services which is set at a level determined by the Board as a whole and which is not performance related. None of the Directors or the members of the Investment Committee are currently in receipt of variable remuneration in respect of their services as Directors of the Company and the members of the Investment Committee respectively. In addition, they will also be entitled to be reimbursed for their reasonable and vouched out of pocket expenses incurred in discharging their duties.

The nature of the Directors' and Investment Committee members' remuneration, being fixed and not including any variable component and being determined by the Board as a whole, ensures that the Company appropriately manages any conflicts of interest in respect of remuneration.

It is expected that the annual remuneration received by the Directors of the Company in aggregate will not exceed two hundred thousand Euro (€200,000). In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses incurred in attending Meetings of the Board and General Meetings of the Company. The Directors will be entitled to be repaid by the Company reasonable out of pocket expenses (such as travelling, hotel and other expenses) properly incurred by them in or with a view to the performance of their duties or in attending and returning from meetings of the Board or of any committee of the Board or general meetings or any meetings in connection with the business of the Company.

It is expected that the annual remuneration received by the Investment Committee members in aggregate will not exceed two hundred thousand Euro (€200,000). In addition, each member of the Investment Committee may be paid reasonable travelling, hotel and other incidental expenses incurred in attending Meetings of the Investment Committee. The members of the Investment Committee will be entitled to be repaid by the Company reasonable out of pocket expenses (such as travelling, hotel and other expenses) properly incurred by them in or with a view to the performance

of their duties or in attending and returning from meetings of the Investment Committee or any meetings in connection with the business of the Company.

Other identified staff (other than external portfolio managers)

Fees payable to the risk manager, compliance officer, MLRO will also be of a fixed nature and are disclosed in the Prospectus.

Remuneration paid to employees shall be in the form of a fixed annual salary and will take into account their roles and responsibilities.

4.4 Delegation

ESMA's Guidelines require that entities to which investment management (including risk management) are delegated, are subject to the requirements on remuneration in a manner which is proportionate as outlined above. Alternatively, the Company shall ensure that any delegate must be subject to equivalent remuneration rules in their home state or have in place documented contractual arrangements in order to ensure that there is no circumvention of the remuneration rules.

Appropriate procedures will be put in place by the Company, where applicable, to ensure there is no circumvention of the remuneration rules in accordance with the investment management agreement in advance of the effective date of ESMA's Guidelines and reflecting any legislative or other clarification issued by the European institutions in relation to the disapplication of the pay-out process rules referred to under point (iii) Proportionality above.

When appointing delegates, agents or service providers external to the Company in connection with the Company's performance of investment management activities on behalf of a UCITS, due consideration will be given to ensuring that none of the Identified Staff have any material interest in or are in any way linked to such third parties.

Where such a link or interest is identified, the Board will review the arrangements in accordance with the Company's policy on conflicts of interest but will also give consideration to ensuring that any such arrangements proposed to be entered into are not incompatible with, or could not be seen to be circumventing, the remuneration requirements under UCITS V.

5. Disclosures

The general principles of the Company's Policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure. The Company's Policy is accessible to staff members to whom it applies. Staff members are informed in advance of the criteria that are used to determine their remuneration and of the appraisal process. The appraisal process and this Policy are properly documented and transparent to the individual staff members concerned.

Additionally, pursuant to the requirements of the UCITS Directive, the following disclosures are required in the following documents:

Prospectus/Offering Memorandum of UCITS

The prospectus/offering memorandum of the Company is required to include either:

- (a) the details of the up-to-date Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists; or
- (b) a summary of the Policy and a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available by means of a website.

It is proposed that a summary of the Policy and a statement to the above effect will be disclosed in the prospectus/offering memorandum of the Company and, where necessary, on relevant website.

Annual Report of UCITS

The annual report of the UCITS is required to disclose the following additional information:

- (a) the total amount of remuneration for the financial year, split into fixed and variable remuneration paid by the Company and by the UCITS to its staff, and the number of beneficiaries, and where relevant, any amount paid directly by the UCITS itself, including any performance fee;
- (b) the aggregate amount of remuneration broken down by categories of employees or other members of staff as referred to in Article 14a(3) of the UCITS Directive;
- (c) a description of how the remuneration and the benefits have been calculated;
- (d) the outcome of the reviews referred to in points (c) and (d) of Article 14b(1) of the UCITS Directive including any irregularities that have occurred;
- (e) material changes to the adopted Policy.

Sustainability

In the light that the Company:

- (i) does not specifically consider sustainability and/or environmental, social and governance related factors in its investment objectives or strategy, or in the implementation of such strategy. Neither does it promote sustainability and/or environmental, social and governance related characteristics to its investors, or designate any indices as reference benchmarks;
- (ii) considering its size, internal organisation, as well as the nature and scope of its activities, and in particular that: (i) the Company has delegated the day-to-day portfolio management tasks to the Portfolio Managers; and (ii) the Company's sub-funds may be considered to invest a substantial portion of its assets in other UCITS funds and/or other collective investment schemes meeting the requirements of Article 50 of the UCITS Directive, the Company does not currently consider adverse impacts of investment decisions on sustainability factors; and

(iii) deems that in principle sustainability risks are not directly relevant to it;
sustainability risks are not currently reflected in the Company's remuneration policies and practices.

Annex 1

Board members and senior management categories (including control function and risk taker categories)

Name	Role
Kevin Valenzia	Director, Chairman of the Board
Miguel Garde	Director, Investment Committee Member
Philippe Monti	Director, Investment Committee Member
Stanley Portelli	Director, MLRO
Mark Portelli	Director, Risk Monitor
Matthias Jenzer	Investment Committee Member, Chairman of the Investment Committee
David Curmi	Investment Committee Member, Senior employee
ZAS Malta	Risk Manager
Jennifer Vella	Risk Manager contact person
Claire Camilleri Gauci	Compliance Officer

Third party portfolio managers

Sub-Fund	Portfolio Manager(s)
QV	Quilvest (Switzerland) Ltd.
JB	Julius Baer Gestion SGIIC S.A.U.
CT	Citibank Europe plc
NS	NOTZ, STUCKI Europe S.A