Remuneration policy (the "Policy")

ENTER TO EFFECT	**01/04/2016**
LAST AMENDED	**26/07/2018**
Line Managers or departments involved	**Management Body**
Legal requirements	In preparing this procedure, SELECTRA Management Company S.A. (hereinafter "SMC") has endeavoured to align its procedures with the relevant legal requirements and current best practice and it complies with the relevant remuneration principles in a way and to an extent that is appropriate to its size, internal organisation, and the nature, scope and complexity of its activities. SMC has duly factored the continuous growth of assets under management, the number and types of managed funds and number of employees and other parties (delegates etc) for the preparation of this procedure. In particular, this procedure is designed to satisfy the requirements of: - Law of 10 May 2016; - CSSF Circular 10/437; - EU Commission Recommendation 2009/384/EC of 30 April 2009 on the remuneration policies in the financial sector; - Alternative Investment Fund Manager law dated 12 July 2013 - Annex II (the "AIFM Law"); - Alternative Investment Fund Manager Directive 2011/61/EU (the "AIFM Directive"): articles 13 and 22(2)(e) and (f) and Annex II; - UCITS V Directive: Directive 2014/91/EU; - ESMA guidelines (ESMA/2013/232); - ESMA guidelines 2015/ESMA/1172; - ESMA guidelines ESMA/2016/411.
Aim	Promoting sound and effective risk management and not inducing excessive risk-taking, in line with SMC's strategy, objectives, values and long-term interests.

Accessibility	In accordance with the legal requirements, the procedure is available: To employees: paper and digital copy of the whole procedure is accessible to all employees at the registered office of SMC. To everybody: on the website of SMC; and if applicable, in the Prospectus, KIIDs and Annual Report of each of the investment funds managed by SMC (being either Alternative Investment Fund **"AIF"** or Undertakings for Collective Investment in Transferable Securities **"UCITS"**) .
Updating / Review	**At least annually**, and in the following cases: - Change of applicable legislation; - Any new legal requirement; - Any other change that would have an impact on the procedure.
Communication to the CSSF	Upon request of the CSSF

Definitions

Fixed Remuneration

Salary, lunch vouchers, pension fund (according to the applicable terms and conditions).

Bonuses

Payments not included in the fixed remuneration.

Management Body

The governing body of SMC, meaning the Board of Directors of SMC.

Senior Management

The Conducting Officers of SMC (the "Senior Management" or the "Senior Managers").

Control Functions

Staff (other than *Senior Management*) responsible for risk management, compliance and internal audit.

Risk Takers

Employees having a material impact on the institution's risk profile if they meet one or more of the following criteria[1]:

Standard qualitative criteria: related to the role and decision-making power of staff members (e.g. staff is a member of a *Management Body*, is a *Senior Manager*, has the authority to commit significantly to credit risk exposures, etc.).
Standard quantitative criteria: related to the level of total gross remuneration in absolute or in relative terms. In this respect, staff should be identified if:

- their total remuneration exceeds, in absolute terms, EUR 500.000,00 per year; or;
- they are included in the 0.3 % of staff with the highest remuneration in the institution; or
- their remuneration is equal or greater than the lowest total remuneration of *Senior Management* and other *Risk Takers*.

Within SMC the *Risk Takers* are the staff responsible for heading the portfolio management, administration, marketing and sales persons capable of binding SMC and taking decisions that materially affect the risk positions of SMC or the UCITS or AIF.

Material impact (or "Materiality Influence")

Such as defined in the Preface section (page 5 of this Policy).

Deferral Period

[1] Definition has been provided following the Regulatory Technical Standards as endorsed by the European Commission.

The deferral period is the period during which variable remuneration is withheld following the end of the accrual period (period during which the performance of the staff member is assessed and measured for the purposes of determining its remuneration).

Retention Period

Period of time during which variable remuneration that has been already vested and paid out in the form of instruments cannot be sold.

Supervisory Function

The relevant persons or body or bodies responsible for the supervision of the *Senior Management* and for the assessment and periodical review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with the obligations under the AIFMD and UCITS V. Given the size of SMC, the supervisory function is fulfilled by the *Management Body*[2].

Instruments

Units or shares of the AIFs and UCITS managed by SMC or equivalent ownership interests (including – for AIFs and UCITS issuing only units – unit-linked instruments), subject to the legal structure of the AIFs and UCITS concerned and their rules or instruments of incorporation, or share-linked instruments or equivalent non-cash instruments.

Malus

Arrangement that permits SMC to prevent vesting of all or part of the amount of a deferred remuneration award in relation to risk outcomes or performances of SMC as a whole, the business unit, the AIF or UCITS and, where possible, the staff member.
Malus is a form of ex-post risk adjustment.

Clawback

Contractual agreement in which the staff member agrees to return ownership of an amount of remuneration to SMC under certain circumstances. This can be applied to both upfront and deferred variable remuneration. When related to risk outcomes, clawback is a form of ex-post risk adjustment.

Preface

Remuneration consists of:

[2] Possibility given following the definition of "Supervisory Function" in ESMA Guidelines on sound remuneration policies of 31 March 2016

(i) all forms of payments or benefits paid by SMC;
(ii) any amount paid by the AIF or UCITS itself, including carried interest in AIFs and performance fees[3] in UCITS; and
(iii) any transfer of units or shares of the AIF or UCITS, in exchange for professional services rendered by the SMC's identified staff.

SMC identifies the identified staff, according to this Policy and any other guidance or criteria provided by competent authorities (the "Identified Staff"). SMC shall be able to demonstrate to competent authorities how they have assessed and selected Identified Staff.

The following categories of staff, unless it is demonstrated that they have no material impact on the SMC's risk profile or on an AIF or UCITS it manages, should be included as the Identified Staff:

- Executive and non-executive members of the *Management Body* of SMC;
- All members of the *Senior Management* of SMC, such as the Conducting Officers;
- Control Functions;
- *Risk Takers*;
- Other *Risk Takers* such as any employee receiving total remuneration in the bracket of *Senior Managers* and *Risk Takers* (if applicable), whose activities have a material impact on the investment fund's risk profile as managed by SMC.

When assessing the Materiality of Influence on SMC's risk profile or on an AIF or UCITS it manages, SMC defines what constitutes materiality within the context of the AIF or UCITS it manages. The materiality thresholds are those foreseen by legal and regulatory requirements.

SMC follows certain criteria to check whether it is capturing the correct staff members including an assessment of staff members or a group, whose activities could potentially have a significant impact on SMC's results and/or balance sheet and/or on the performance of the AIF or UCITS it manages.
SMC performs an analysis of job functions and responsibilities in order to manage the risk profile.

Art. 1 Risk management

1. SMC promotes, sound and effective risk management. SMC does not encourage risk-taking which is inconsistent with the risk profiles of the instrument constituting the AIF or UCITS it manages.

2. In depth the strategy includes quantified risk tolerance levels with a multi-year horizon. SMC has a proper balance between variable and Fixed Remuneration, based on the measurement of performance. SMC aligns its remuneration policy with its interests and the interests of the AIF or UCITS it manages and their investors.

[3] According to ESMA Report ESMA/2016/411a performance fee is "a variable fee linked to the "performance" of a fund. A performance fee can for example be based on a share of the capital gains or the capital appreciation of the fund's net asset value or any portion of the fund's net asset value as compared to an appropriate index of securities or other measure of investment performance. Performance fees are performance-related payments made directly by the management company or the UCITS itself for the benefit of Identified Staff.

3. In order to prevent excessive risk-taking, managers consider conservative valuation policies and do not ignore concentration risks and risk factors, such as liquidity risk and concentration risk that could place the AIFs or UCITS that SMC manages under stress at some point in the future.

Art. 2 Supervision

1. In the context of the supervisory review process (CSSF circulars 07/301, CSSF 06/273 and CSSF 07/290), the CSSF assesses the risks SMC is or may be exposed to, including the risks associated with the remuneration Policy (and practices), examining to what extent internal processes as well as internal and prudential own funds ensure an adequate management and coverage of these risks.

2. The statutory auditor shall make a report to the Board of Directors of SMC of any material deficiencies uncovered during the assessment of the implementation of the remuneration policy. To this end, the long-form report established pursuant to CSSF circulars 01/27 and 03/113 shall include an appraisal of the rules set up and their implementation.

Art. 3 Business strategy- conflicts of interest

1. SMC ensures that its business strategy is in line with this Policy, objectives, values and interests of SMC and the AIF or UCITS it manages or the investors of such AIF or UCITS, and includes measures to avoid conflicts of interest.

2. The *Supervisory Function* is responsible for approving and maintaining this Policy, and overseeing its implementation. Members of the Board who are part of the executive management are excluded from this Board role.

3. The following elements are taken into account by the *Supervisory Function*: the clear distinction between operating and *Control Functions*, the skills and independence requirements of members of the *Management Body*, the safeguards for preventing conflicts of interests and the internal reporting system and the related parties' transactions rules.

4. The remuneration of the members of the *Management Body* is consistent with their powers, tasks, expertise and responsibilities. The *Supervisory Function* determines and oversees the remuneration of the members of the *Management Body*. If *Instruments* are granted, appropriate measures should be taken, such as *Retention Periods* until the end of the mandate, in order to preserve the independence of judgment of those members of the *Management Body*.

5. Non-executive members of the *Management Body* (if applicable) that perform the tasks of the *Supervisory Function* have Fixed Remuneration.
   The approval of this Policy and decisions relating to the remuneration of the members of the *Management Body* may be assigned to the meeting of the Shareholders of SMC.

The *Supervisory Function* remains responsible for the proposals submitted to the meeting of the shareholders of SMC, as well as for the actual implementation and oversight of any changes to the remuneration policies and practices.
The implementation of this Policy shall be reviewed on an annual basis at a minimum by the *Supervisory Function* that assess whether the overall remuneration system is compliant with national and international regulations, principles and standards, it also ensures that all agreed plans/programs are being covered; it also ensures that the remuneration payouts are appropriate, and that the risk profile, long-term objectives and goals of SMC are adequately reflected.
The relevant internal *Control Functions* are closely involved in reviewing the remuneration system of SMC.
Where periodic reviews reveal that the remuneration system does not operate as intended or prescribed the *Supervisory Function* puts in place a timely remedial plan.
The periodic review of the implementation of the remuneration policies and practices may be partially or totally externally commissioned. SMC may decide to outsource the entire review, by performing the review at least annually or carrying out at least annually an internal assessment not amounting to a full independent review.

Art. 4 Disclosure

1. This Policy is available to all employees, as the Policy is part of the manual of procedures.

2. This Policy has been made on a best efforts basis and to the extent possible, explaining every omission made.

3. In addition, details and relevant information on this Policy shall be disclosed (in the form of an independent remuneration policy statement) in the website of SMC, annual reports, KIIDs and Prospectus of the AIFs and UCITS, in particular on:

   a. The decision-making process used for determining the remuneration policy;
   b. The link between pay and performance;
   c. Criteria used for performance measurement and risk adjustment;
   d. Performance criteria on which the entitlement to shares, options or variable components of the remuneration is based;
   e. The main parameters and rationale for any annual bonus scheme and any other non-cash benefits.

The UCITS’ and AIF’s annual report must disclose the aggregate remuneration paid by SMC and the AIF or UCITS, to Identified Staff, together with the number of beneficiaries and, where relevant, performance fees paid by the UCITS or AIF. The aggregate amount of remuneration must be broken down by category of employees or other staff members. The annual report must also describe how the remuneration and benefits have been calculated, detail the outcomes of the periodic reviews of the remuneration policy and its implementation and contain any material changes to the adopted remuneration policy.

Art. 5 Governance

1. The *Management Body* fixes the principles of, approve and apply the Policy. The *Management Body* remains responsible for implementation of the Policy. Members of the *Management Body* that are part of the executive management are excluded from this role.

2. Yearly controls of the Policy are carried by the internal control function, which shall report on the outcome of this review to the *Management Body*. A copy of said reports shall be put at the disposal of the CSSF upon request.

3. 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 governing body in its *Supervisory Function*.
4. Given the size of SMC and the application of the proportionality principle, the *Management Body* decided to not establish a remuneration committee.

Art. 6 Remuneration of Control Functions

1. SMC's employees engaged in *Control Functions* are qualified and experienced personnel and they are compensated according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

2. If staff in *Control Functions* receives variable remuneration, this is not determined solely by the SMC -wide performance criteria but is based on function-specific objectives.

3. The remuneration structure of *Control Functions* personnel does not compromise their independence or creates conflicts of interest in their advisory role to the *Supervisory Function* and/or *Management Body*. If remuneration of the *Control Functions* includes a component based on SMC-wide performance criteria, the risk of conflicts of interest increases and, therefore, it will be properly addressed.

4. The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the *Management Body* in its *Supervisory Function*.

5. *Control Functions* should not be placed in a position where they are directly linked to an increase or decrease in their performance-based remuneration.

Art. 7 Remuneration structures

a) Assessment of performance

1. SMC has a remuneration policy that includes a performance-related remuneration. In this case the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit or AIF or UCITS concerned and SMC's overall results. When assessing individual performance, financial and non-financial criteria are taken into account.
   The assessment of performance is set in a multi-year framework (three to five years) appropriate to the life-cycle of the AIFs and UCITS managed by SMC, in order to ensure that it's based on long term performance.

2. Performance-related remuneration includes parameters linked to the risks and performance of the AIF or UCITS concerned and of the SMC's business unit in addition to the risks and performance of the individual activities. The amount of variable remuneration a staff member is eligible for is determined by his/her individual performance, the performance of his/her business line or the AIF or UCITS concerned and the SMC's performance. The relative importance of each level of the performance criteria is determined beforehand and adequately balanced to take into account the position or responsibilities held by the staff member.

3. To have the greatest impact on staff behavior, the variables used to measure risk and performance are linked as closely as possible to the level of the decisions made by the staff member that is subject to the risk adjustment. Performance criteria include achievable objectives and measures on which the staff member has some direct influence.

4. SMC can assess the "Identified staff's performance with specific indicators such as the effective employment of available resources, achievement of agreed objectives, contribution to company goals and values. This should be done whilst avoiding the limitation of the variable remuneration performance criteria exclusively to the achievement of results, and not on the sustained stability of the entity as a whole, at the expense of the overall wellbeing of the entity. The performance of the individual staff members must, of course, be assessed based on the specific circumstances of their employ, such as industry, branch, geographic, etc.

5. SMC uses both quantitative as well as qualitative criteria in order to assess individual performance.

6. The appropriate mix of quantitative and qualitative criteria, specified and clearly documented for each level and category of staff, depends on the tasks and responsibilities of the staff member.

7. Quantitative measures should cover a period which is long enough to properly capture the risk of the staff member's actions.

8. In addition to quantitative performance measures, variable remuneration awards should also be sensitive to the staff's performance with respect to qualitative (non-financial) measures.

9. Examples are the achievement of strategic targets, investor satisfaction, adherence to risk management policy, compliance with internal and external rules, leadership, management, team work, creativity, motivation and cooperation with other business units and with *Control Functions*. Such determined qualitative criteria could rely on compliance with risk control measures such as for instance the audit results.

10. Negative non-financial performance, in particular unethical or non-compliant behavior, overrides any good financial performance generated by a staff member and diminishes the staff member's variable remuneration.

11. 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 60% of the amount is deferred.

b) Guaranteed variable remuneration

SMC does not award, pay or provide guaranteed variable remuneration unless it:

- is exceptional;
- occurs only in the context of hiring new staff;
- is limited to the first year of service.

SMC ensures that variable remuneration is not paid through vehicles or methods employed with the aim of artificially evading the provisions of the UCITS V Directive, the AIFM Directive, the ESMA Guidelines or their implementing measures.

c) Ratios between fixed and variable components of total remuneration

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 that variable remuneration can go down to zero.

Fixed Remuneration is in line with the level of education, the degree of seniority, the level of expertise and skills required, the constraints and job experience, the relevant business sector and region.

Fixed Remuneration for Conducting Officers is calculated in line with the above in a sound way, taking also into account the business of SMC as well as the competencies, risks and responsibilities taken by each of the Conducting Officers. The variable remuneration of the Conducting Officers is fixed by the *Supervisory Function*.

Fixed and variable remuneration for members of the Board of Directors is fixed by the Shareholders meeting. The non-executive members of the Board of Directors receive a fixed fee only. The executive members of the Board of Directors do not receive a remuneration for their role as members of the Board of Directors.

At least 50% of variable remuneration consists of units of the UCITS or AIF concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments or equivalent non-cash instruments with equally effective incentives. The 50% minimum does not apply where the management of UCITS or AIF accounts for less than 50% of the total assets managed by SMC.

Variable remuneration which consists of units in the UCITS or other instruments is subject to an appropriate retention policy designed to align incentives with the interests of SMC and the UCITS or AIF that it manages and the investors in those UCITS or AIFs.
In any case, the variable remuneration is limited to a maximum amount that has been set by the *Management Body* as requested by CSSF Circular 10/437.

d) Payments related to early termination

SMC's payments related to the early termination of a contract (for staff members who are leaving SMC due to changes in the strategy of SMC or of the AIFs or UCITS it manages, or in merger and/or takeover situations) reflect performance achieved over time and do not reward failure.
Severance pay is determined and approved, in line with the SMC's general governance structures for employment.
SMC shall explain to competent authorities the criteria used to determine the amount of severance pay upon request.

Art. 8 Measurement of performance

SMC's measurement of performance used to calculate variable remuneration components, or pools of variable remuneration components, includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

Art. 9 Pension policy

SMC's pension policy is in line with its business strategy, objectives, values and long-term interests of the SMC and the AIFs or UCITS it manages; when an employee leaves SMC before retirement, any discretionary pension benefits are held by the firm for a period of five years in the form of instruments and they are subject to performance assessment and ex post risk adjustment before pay out; in the case of an employee reaching retirement, discretionary pension benefits are paid, where legally possible, to the employee in the form of Instruments and subject to a five-year Retention Period.

Art. 10 Personal investment strategies

SMC's employees undertake to not use personal hedging strategies or remuneration and liability related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Staff could be considered to have hedged if the contract could take the form of an option or any other derivative contract or other form of contract which provides any type of hedging for the staff member's variable remuneration.

In order to ensure the effectiveness of risk alignment, staff members do not buy an insurance contract which compensates them in the event of a downward adjustment in remuneration. As a general rule, however, this would not prohibit insurance designed to cover personal payments such as healthcare and mortgage instruments, each case being judged on its merits.

Requirement not to use personal hedging strategies or insurance to undermine the risk alignment effects embedded in their remuneration arrangements applies to deferred and retained variable remuneration. SMC has effective arrangements to ensure that the staff member complies with this requirement.

Art. 11 Avoidance of the remuneration policy and practices

1. SMC does not pay variable remuneration through vehicles or methods that facilitate the avoidance of the requirements as defined in this Policy.

2. The SMC's *Management Body* has the responsibility for ensuring that the ultimate goal of having sound and prudent remuneration policies and structures is not improperly circumvented. In depth SMC's *Management Body*, in order to avoid the above risk, controls the following procedure: the conversion of parts of the variable remuneration into benefits that normally pose no incentive effect in respect of risk positions, the outsourcing of professional services to firms that fall outside the scope of the AIFM Directive or UCITS V, the use of tied agents or other persons not considered "employees" from a legal point of view, transactions between the SMC and third parties in which the *Risk Takers* have material interests; the setting up of structures or methods through which remuneration is paid in the form of dividends or similar pay outs and non-monetary material benefits awarded as incentive mechanisms linked to the performance.

3. When delegating portfolio management or risk management activities according to Article 20 of the AIFM Directive and according to UCITS V Directive and their implementing measures, SMC ensures, in a proportionate manner that: a) the entities to which portfolio management or risk management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as the Policy; or b) appropriate contractual arrangements are put in place with entities to which portfolio management or risk management activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the Policy; these contractual arrangements cover any payments made to the delegates' Identified Staff as compensation for the performance of portfolio or risk management activities on behalf of SMC.

4. To apply the remuneration policy to "identified staff" involved in the management of both UCITS and AIF funds, SMC applies the proportionality principle in accordance with the obligations and policies of each fund. The proper implementation of this remuneration policy is monitored on an ongoing basis by management.

Art. 12 Decisions on Bonuses

1. SMC shall withhold Bonuses entirely or partly when performance criterias are not met by the individual concerned, the department concerned or SMC.

2. In addition SMC shall withhold Bonuses entirely or partly in case, prior to the payment of the Bonuses, SMC's situation deteriorates significantly (in particular where it can no longer be presumed that it can or will continue to be able to carry out its business).

3. The *Management Body* shall be able to require staff members to repay all or part of the Bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent.

4. As a consequence the decision on the payment of the Bonuses according to the principles defined in this Policy shall be subject to the positive evaluation of the *Management Body*.

5. The *Management Body* identifies specific typologies of Bonuses which, in relation to their value, can be indicated as "material" and shall be reserved to the management (the "Material Bonus(es)"). Where a Material Bonus is awarded, in order to take into account the outstanding risks associated with the performance to which the bonus relates, the Material Bonuses will consist of and shall be deferred in compliance with the indications below:

   a. First year - 20% of the Material bonus of which 10% in cash and 10% in shares of SMC, paid/transferred within 45 days from the balance-sheet approval;
   b. Second year - 20% of the Material Bonus of which 10% in cash and 10% in shares of SMC, paid/transferred within 45 days from the balance-sheet approval;
   c. Third year - 20% of the Material Bonus of which 10% in cash and 10% in shares of SMC, paid/transferred within 45 days from the balance-sheet approval;
   d. Fourth year - 20% of the Material Bonus of which 10% in cash and 10% in shares of SMC, paid/transferred within 45 days from the balance-sheet approval;
   e. Fifth year - 20% of the Material Bonus of which 10% in cash and 10% in shares of SMC, paid/transferred within 45 days from the balance-sheet approval.

6. The *Management Body* shall require the repayment (*Clawback*) - for an unlimited period of time - of the cash part of any Material Bonuses that have been awarded for performance based on data which was subsequently proven to be fraudulent.

7. The performance measurement will be performed by the *Management Body* - on the basis of the relevant head of department evaluations - for all employees within January 31st of each year and using for each employee the format adopted by the *Management Body*.

Art. 13 Variable component on the total remuneration and composition

All bonus payments are conditioned to SMC's result after-tax being positive after payment of Bonuses and will be compliant with the rules and limitation adopted by the *Supervisory Function* (in particular in terms of maximum amount, deferral and Deferral Period and nature).

Art. 14 Salary increase according to performance measurement and risk adjustment

1. Salary increase may be granted on the basis of the relevant head of department duly motivated proposal, upon final approval by the *Management Body*. Salary increase shall take in consideration the assessment of the performance of the individual, the UCITS or AIFs and of the department concerned and of SMC in a three year framework and in consideration of:

   a. Financial performance;
   b. Compliance with internal procedures and needs;
   c. Compliance with the principles governing the relationship with clients.

2. In determining remuneration pools or individual awards, SMC should consider the full range of current and potential risks associated with the activities undertaken. Moreover, ex-ante adjustments is applied to ensure that the variable remuneration is fully aligned with the risks undertaken. SMC establishes whether the risk adjustment criteria they are using takes into consideration severe risks or stressed conditions.

3. SMC determines to what level they are able to risk adjust their variable remuneration calculations quantitatively – whether to the business unit level or further down the line such as to a trading desk level, if any, or even to an individual level. SMC determines the level of granularity that is suitable for each level.

4. In order to have a sound and effective remuneration scheme, SMC uses a number of different quantitative measures based on an overarching risk adjustment framework for their risk adjustment process.

5. The quantitative ex-ante risk adjustments rely on existing measures within the SMC, generally used for other risk management purposes. As a result, the limitations and potential issues related to these measures should also be relevant for the remuneration process. The risk adjustments used benefit from the experience gained when dealing with these risks in other contexts and should be challenged like any other component of the risk management process. Qualitative measures for ex-ante risk adjustment.

6. Qualitative risk elements are considered by SMC. Qualitative ex-ante adjustments could take place while setting unit remuneration pools or when determining or allocating individuals' remuneration. Qualitative ex-ante risk adjustments are common at pool and individual levels, contrary to quantitative adjustments which tend to be mostly observed only at the pool level.

7. SMC makes qualitative risk adjustments when allocating/determining individuals' remuneration through assessments that may explicitly include risk and control considerations such as compliance breaches, risk limit breaches and internal control break-downs.