

Remuneration Policy

Objective of the policy

This remuneration policy aims to define the remuneration principles of MELANION CAPITAL employees, in accordance with the provisions required by the AIFM and UCITS V Directives on remuneration policies within management companies.

It lays down principles which, following the strategy, objectives and risk policy of MELANION CAPITAL, aim to promote sound and effective risk management and do not encourage excessive risk-taking incompatible with the risk profiles, the regulations or the constitutive documents of the funds managed by MELANION CAPITAL and to align the long-term interests of its shareholders, clients/investors and collaborators. With this in mind, all risks are considered, whether financial or not (risk of non-compliance, sustainability, etc.).

MELANION CAPITAL has defined its Remuneration Policy with the desire to respect two key principles.

It must be:

- consistent with market practices
- complies with regulations

Furthermore, MELANION CAPITAL wishes to guarantee attractive and competitive remuneration and positions the remuneration of its employees and managers in comparison with their peers and according to the activity and level of seniority in the function. Finally, the way of structuring remuneration takes into account the practices of the employment area within which the activity is carried out.

Policy Updates

Version	Date	Status	Nature of the modifications
1	10/08/2024	In force	Creation of this policy

1) Preamble

The remuneration of MELANION CAPITAL staff takes into account the principles below:

- a) the remuneration policy is compatible with sound and effective risk management. It promotes it and does not encourage risk-taking which would be incompatible with the risk profiles, the regulations or the constitutive documents of the UCI;
- b) the remuneration policy is consistent with the economic strategy, objectives, values and interests of the Management Company and those of the investors, and includes measures to avoid conflicts of interest;
- c) the variable remuneration criteria are not linked to the performance of the UCI;
- d) an appropriate balance is established between the fixed and variable components of the overall remuneration, the fixed component represents a sufficiently high proportion of the overall remuneration so that a fully flexible policy can be exercised with regard to the variable components of the remuneration, in particular the possibility of not paying any variable component.

MELANION CAPITAL notably implements the principle of proportionality adopted by ESMA. The implementation of this principle takes into account the size and internal organization of the Management Company as well as the nature, diversity and complexity of its activity.

From this point of view, MELANION CAPITAL considers that its activity is both limited in its scope and simple in the financial instruments used, essentially listed and liquid.

Due to the nature of its management, which is also governed by a binding and traceable set of market and counterparty risk management rules, the latter is unlikely to generate deviant behavior among its employees in terms of risk-taking.

Furthermore, the number of employees as well as the size of the organization fully justify a remuneration policy that is simple in its principles and application.

2) Regulatory References

In this context, the Remuneration Policy was notably developed on the basis of the following main documents and rules:

- The AMF General Regulations;
- Directive 2011/61/EU of June 8, 2011 on alternative investment fund managers, transposed into the Monetary and Financial Code by Ordinance 2013-676 (the "AIFMD Directive");
- Directive 2014/91/EU of July 23, 2014 on the coordination of legislative, regulatory and administrative provisions concerning certain undertakings for collective investment in transferable securities (UCITS), with regard to depositary functions, remuneration policies and sanctions, transposed by Ordinance 2016-312 (the "UCITS V Directive");
- The ESMA "Guidelines" 2016/411 of March 31, 2016 entitled "Guidelines relating to remuneration policies applicable under the UCITS and AIFM directives";
- Directive 2014/65/EU of May 15, 2014 on markets in financial instruments, transposed into the Monetary and Financial Code by Ordinance 2016-827 of June 23, 2016 (the "MIFID II Directive");
- The ESMA/2013/606 guidelines on Remuneration Policies and Practices (MIF Directive);
- The ESMA/2016/411 guidelines relating to remuneration policies and practices;
- Guidelines ESMA/2013/232, ESMA/2016/579 (FIA), ESMA/2016/575 (UCITS) and ESMA35-43-3565 concerning certain aspects relating to the remuneration requirements of the MiFID II directive;
- And the texts, including AMF positions and instructions, implementing the directives in French law;
- The AFG circular of March 16, 2016;
- Regulation No. 2019/2088 of November 27, 2019 on the publication of information on sustainability in the sector financial services (hereinafter the "Disclosure Regulation") (Article 5).

Within this regulatory framework, MELANION CAPITAL aims to:

- Be linked to the wealth created by the company in the long term, and allow alignment between the interests of the company and those of investors and employees; - to be compatible with sound and effective risk management.

3) Affected Staff

Article 533-22-2 of the Monetary and Financial Code specifies that the following are considered as personnel concerned:

- the managers;
- members of the board of directors or the executive board;
- managers of simplified joint stock companies and persons exercising a management function within the meaning of 4° of II of Article L. 532-9;
- risk takers;
- people exercising a control function;
- persons placed under the authority of the portfolio management company who, in view of their overall remuneration, are in the same remuneration bracket as persons exercising a management function within the meaning of 4° of II of the article L. 532-9 and risk takers.

Melanion Capital wished to identify all SGP employees as personnel affected by this policy.

4) Governance

MELANION CAPITAL benefits from a system of procedures and internal control allowing compliance and application of this policy as well as the provisions relating to the UCITS V and AIFM directives.

The remuneration policy is communicated to each employee, and they are specified for the coming financial year the criteria which will be used to determine the amount of their remuneration (increase in fixed and variable remuneration) as well as the timetable planned for the evaluation of their remuneration. its performance.

The evaluation elements are kept in the personal file of each employee. Management, at the first level, and the RCCI, at the second level, ensure compliance with the application of this policy in determining employee remuneration.

The remuneration policy is defined by the RCCI and the Directors of MELANION CAPITAL and approved by the President. The review of the policy is carried out at least once a year.

5) Remuneration principles applicable to MELANION CAPITAL employees

Any form of payment or benefit provided directly or indirectly to employees, whether in the form of cash, in the form of financial instruments (shares of the management company), is considered remuneration as defined by the MIF Directive 2004/39/EC. management, share of UCIs managed by the management company) or other advantages.

This Policy promotes sound and effective risk management and does not encourage risk-taking that would be incompatible with the risk profiles, regulations and constitutive documents of the UCIs managed by the Management Company. It is also determined in such a way as to avoid situations of conflicts of interest and prevent the taking of risks that are reckless or incompatible with the interests of investor clients in the range of funds managed by MELANION CAPITAL.

This Policy aims to encourage alignment of the personal objectives of all employees with those of investors in the Funds managed by the SGP as well as the long-term objectives of MELANION CAPITAL.

Generally speaking, employee remuneration is based on the achievement of quantitative and qualitative objectives agreed with them during the annual evaluation.

The fixed part and the variable part of the remuneration are not correlated and in this sense are treated separately.

The fixed part pays for the skills and expertise expected in the exercise of a function. It is determined by taking into account external practices and the history of internal relationships within the company.

Variable remuneration takes into account external practices and complies with the rules provided for by the remuneration policy. These are determined so that their level is linked to the wealth created by the management company as a whole over the long term.

The allocation and distribution of variable remuneration are by nature discretionary and are in no way indexed to the performance of the funds managed.

The variable part of the remuneration is paid in the form of an exceptional bonus or bonus and is fully subject to social security contributions, like the fixed remuneration. It complements, in a balanced manner, the fixed part of the remuneration in consideration of the Company's performance.

In particular, the total amount of variable remuneration is compatible with the financial situation of the management company, so that it is considerably reduced, or even zero, when the management company records poor or negative financial performance; or that performance is very good but the company's operations are not positive.

In any case, the fixed part of the remuneration represents a sufficiently high part allowing employees to be remunerated with regard to the obligations of their position, the level of skill required, the responsibility exercised and the experience acquired.

The variable part of the remuneration is established according to the performance of the company and MELANION CAPITAL will not pay variable remuneration (bonus) exceeding the fixed salary, this making it possible to limit the risk profile of the UCIs and to ensure a balance between fixed and variable remuneration.

In this context, MELANION CAPITAL will apply the principle of proportionality for employees whose variable annual remuneration is less than 30% of their fixed remuneration or a maximum of €200,000. In this case, the rules for payment in financial instruments, retention and deferred, will not be applied.

For employees whose variable remuneration exceeds €200,000, the following principles will be applied:

- 50% of the variable remuneration will be paid in cash and 50% will be paid in financial instruments.
- the portion of the variable remuneration paid in the form of financial instruments (i.e. 50% of the variable remuneration) will be carried over.
- the retention period for financial instruments is set at 3 years from their date of acquisition.

Concerning the remuneration of financial managers and other employees of the Management Company, guaranteed bonuses are prohibited with the exception of those provided for in the context of the hiring of a new member of staff and which are limited to the first year.

MELANION CAPITAL ensures that variable remuneration is paid after the closure of the accounts of the managed funds and the SGP, that is to say once the SGP has determined its overall result for the financial year concerned.

Taking into account the nature, size and complexity of the activities carried out by the Company as well as the funds it manages, the Company applies the principle of proportionality, the outstanding amounts being below the threshold of 1.25 billion euros defined by the ESMA.

Given its size and the total amount of assets managed, the Company does not plan to create a remuneration committee.

The managers and the President of MELANION CAPITAL validate each year the fixed and variable remuneration package and determine the variable remuneration.