



**Remuneration Policy**  
**Group guidelines**

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## 1. INTRODUCTION

### 1.1 CONTENT AND PURPOSE OF THE POLICY

This Remuneration Policy ("Policy") sets out the operational, legal & regulatory requirements, which MFEX AB, MFEX France, its subsidiaries and branches, hereafter collectively referred to as "MFEX" complies with in order to meet its obligations, in the area of remuneration.

The current policy is intended for use in all MFEX locations but is supplemented by local policies and in particular in Luxembourg to cover relevant compliance framework in force in these countries.

The remuneration policy covers relevant aspects of compensation except benefits.

### 1.2 SCOPE

The remuneration policy is applicable to all permanent and fixed term employees on MFEX payroll.

### 1.3 GUIDING PRINCIPLES

MFEX has established the following guiding principles to develop the Remuneration Policy:

- It shall have a clear link between performance and reward;
- It shall support MFEX's high standards of business ethics;
- It shall be aligned with regulatory requirements relevant to MFEX and not encourage excessive risk taking or risks that exceed MFEX risk appetite and risk limits as established in the dedicated Policy
- It shall ensure overall competitiveness such that MFEX can attract, retain and reward employees across its locations;
- It shall be clear, easy to implement and administer;
- It shall ensure a neutral approach with regards to any protected characteristics such as gender, religion, ethnicity, ... considerations.

The Remuneration Policy has been designed in order to be consistent with and to promote sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the services provided. The Remuneration Policy is intended to be in line with the interests of MFEX and in relation with the services that it provides to its Client and to avoid conflicts of interest.

These principles shall be considered when implementing, communicating and administering the Remuneration Policy.

## 1.4 ANTICIPATED OUTCOMES

The remuneration policy will:

- Enable MFEX to attract and retain high performing employees across its markets;
- Support the creation of a high-performance culture by rewarding employees for achieving sustainable results that are aligned with long-term stakeholder interests;
- Drive positive behaviors;
- Reinforce behaviors that are aligned with MFEX' core values and business ethics; and
- Reinforce a sustainable and responsible approach to MFEX' business and its relations with shareholders and stakeholders.

## 1.5 ANTI-AVOIDANCE

Senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages" From IFD article 30(1) are not permitted to use personal hedging or enter into insurance contracts or other similar arrangements intended to undermine the risk alignment effects embedded in their compensation arrangements. Material Risk Takers (definition of MRT is explained below 2.3) will be required to attest (on a yearly basis) that they will not use such personal hedging strategies or enter into insurance arrangements. Breach of this undertaking will result in the lapse and forfeiture of any unvested or unpaid remuneration due to MRT and may in certain circumstances constitute a gross misconduct and result in the termination of their employment.

# 2. REGULATORY CONTEXT

## 2.1 REGULATORY FRAMEWORK

The remuneration policy has been created to evolve with the changing regulatory requirements. Each location in scope of the Remuneration policy ensures compliance with the remuneration requirements set out in the following EU Directives and Guidelines and the other ones relevant in MFEX locations:

- The Investment Firms Directive (IFD) (including the new Regulatory Technical Standards on the criteria to identify material risk takers) UE 2021/02 in particular articles 32 and followings,
- Article 51 of regulation EU 2019/2033 on the prudential requirements of investment firms, about disclosure related to remuneration practices.

- The EU Commission's Delegated Regulation (EU/2017/565), in particular article 27,
- The EBA Guidelines on sound Remuneration policies (EBA/GL/2021/04),
- Article 32.2(a) in the Investment Firm Directive EU 2019/2034 for the anti avoidance provision individuals
- The Swedish Supervisory Finance Authority (SFSA) FFFS 2017:2,
- The Swedish Securities act (2007:528) – chapter 8 § 4,
- The French requirements from Code Monétaire et Financier (CMF) articles L.511-71 to L.511-88 and order dated 3 November 2014 art. 199 for the application of the deferred remuneration
- The Luxemburgish principles: CSSF Circular 10/437 presenting the guidelines concerning the remuneration policies, the CSSF Circular 14/585 transposing ESMA Guidelines (ESMA/2013/606) on remuneration policies and practices (MiFID), the CSSF Circular 11/505 for the application on the proportionality principle, the CSSF Circular 15/622 presenting the higher ratio notification procedure applicable to remuneration policy for material risk takers, the CSSF Circular 17/658 transposing the EBA Guidelines (EBA/GL/2015/22) on sound remuneration policy,
- In the UK, the PRA Supervisory Statement | SS2/17 - Remuneration – December 2020.

## 2.3 MATERIAL RISK TAKERS

The identification of Material Risk Takers based on the qualitative and quantitative criteria provided in the Regulatory Technical Standards EBA/RTS/2021/02 is performed at least on an annual basis.

The qualitative and quantitative criteria in the RTS should help to identify not only the staff at the highest level of the hierarchy, but also risk takers, members of staff in control functions and other categories of staff whose professional activities have a material impact on the firm's risk profile or the assets that it manages:

- Board members and Management Committee
- Members of the Control Functions (Risk and Compliance)
- Managers that activity has an impact of the risk profile of the company
- Employees considered as "high earners" (current regulation identify them as an individual earning EUR 500000 or more in total compensation) per financial year will automatically classified as MRT
- Employees whose remuneration equals the average remuneration total compensation of the Management Committee members

Staff members that fall or are likely to fall under the qualitative criteria according to EU regulation for a period of at least 3 months in the financial year will be treated as material risk takers.

The HR department will inform the Chief Compliance officer of the list of MRT to ensure relevant authorities are informed should it be needed.

The HR department will inform employees identified as MRT, Q4 of each year, so they understand what it entails, for example, possibly deferral payment of the bonus.

The details of the total remuneration package (base and bonus allocation) of each identified MRT will be individually reviewed during the compensation review, annually, by the Board of Directors.

### 3. TOTAL COMPENSATION

Total Compensation is defined below and describes further in the below sections:

Fixed pay (base salary + allowances - when applicable) + Variable Pay = Total Compensation

### 4. FIXED PAY

Fixed pay is the core component of an employee's Total Compensation and is directly linked to the role and tasks undertaken by the employee as well as the skills and experience of an employee.

Fixed Pay includes base salary and any other fixed allowance such as car allowance or late shift allowance, where applicable, that by nature does not vary month to month and is not linked to an employee or the Company's performance.

Fixed pay is:

- based on predetermined criteria
- non-discretionary and transparent, specified in the employment contract

#### 4.1 BASE SALARY

Base salary is defined as the Employee's contractual guaranteed base pay excluding any variable elements and allowances. Base salary should be internally fair and externally competitive and takes into account the following factors:

- Competence and relevance of qualifications / experience,
- Local labor market conditions,
- Applied independently of gender, ethnicity, age, religion, sexual orientation, or any other protected characteristics enforceable in countries we operate,
- Internal national benchmark to ensure fairness of pay based on similar roles and profiles.

Generally, an annual Base salary review takes place as part of the year-end process.

"Off cycle" individual Base salary adjustments should be avoided; however, they are permitted in exceptional circumstances with express agreement of the Group CEO and the CHRO. All base salary adjustments must comply with local legislation and regulations where the location is based.

## 4.2 ALLOWANCES

Fixed allowances include other non-base salary elements such as car allowance or role-based allowances and are paid monthly. They are reflective of local market practices and the role of the Employee.

## 5. VARIABLE PAY

Variable pay is a discretionary component of the Total Compensation and does not constitute a contractual entitlement to the individual at any time. Variable pay rewards employees for their performance and the delivery of financial and non-financial targets as well as behaviors whilst reflecting on the financial situation of each location and MFEX as a whole as determined based on the criteria described in the Performance and Reward Policy

In line with the requirements of MiFID II, variable pay shall be based on an assessment of the employees' overall performance that considers the best interest of MFEX clients.

Variable pay aims to:

- Promote a culture of high performance and feedback;
- Foster accountability for performance and behaviours within each location;
- Enable retention of employees;
- Promote appropriate risk taking;
- Recognize an employee contribution and share in the joint success of each location;
- Be able to be fully flexible to react to performance changes and performance levels.

Each year the salary merit and bonus pools presented for approval to the Board, will have to be previously agreed by the Finance Department. It will then be present to the Board a financial analysis confirming that the Company's financial strength and capital adequacy allow to pay the proposed salary merit and bonus pool.

### 5.1 VARIABLE PAY CAP

The ratio between variable pay cap and fixed pay is capped at a maximum of 100%.



## 5.2 ELIGIBILITY

All employees are eligible to participate in the Variable pay plan however position, area of responsibility and performance will be assessed prior to any payment to align with both Company interests and risk and compliance governance rules.

## 5.3 GUARANTEED VARIABLE REMUNERATION

Guaranteed variable remuneration includes Welcome or Sign on Bonus. They can only be agreed on the first year of the employment of an employee recruited externally and subject to previous validation from the finance department as a strong capital base is a prerequisite for Guaranteed variable remuneration.

## 5.4 WITHHOLDING AND CANCELLATION

As long as this is allowed by the applicable rules and regulations, MFEX reserves the right to withhold or cancel variable remuneration in the following conditions:

- evidence of misbehavior or serious error by the staff member (e.g. breach of code of conduct, if any, and other internal rules especially concerning risks);
- whether MFEX and/or the business unit subsequently suffers a significant downturn in its financial performance;
- whether MFEX and/or the business unit in which the staff member works suffers from a significant failure of risk management.

## 5.5 DEFERRAL OF VARIABLE REMUNERATION

The Company runs a Material Risk Takers Deferral Plan for employees who have been identified as MRTs.

An individual whose annual variable remuneration does not exceed EUR 50 000 and does not represent more than 25% of that individual's total annual remuneration is exempted from the deferral requirements in IFD Article 32.4 (b).

To note that this is not applicable to guaranteed variable remuneration that will be paid in full on year one of employment.

For MRT employees whose Variable Remuneration, for one year, exceeds EUR 50 000 or 25% of fixed remuneration, at least 40% of the Variable Remuneration shall be deferred, over a period of not less than three years.

MFEX reserves the right to withhold or cancel deferred variable remuneration in the following conditions:

- evidence of misbehavior or serious error by the staff member (e.g. breach of code of conduct, if any, and other internal rules especially concerning risks);
- whether MFEX and/or the business unit subsequently suffers a significant downturn in its financial performance;
- whether MFEX and/or the business unit in which the staff member works suffers from a significant failure of risk management;
- if the employee is no longer employed by the company at the time of the payment.

See appendix for local applicable regulations and examples.

## 5.6 WARRANTS AND SHARES

Certain board members, senior management, key management and key staff are offered to acquire warrants, shares and/or similar equity instruments in MFEX. As these are offered at fair market value, they are not defined as Variable Remuneration.

## 5.7 BOARD OF DIRECTORS

As a general rule, Board of Directors are not compensated for their office.

If different, remuneration of members of the Board of Directors is decided by the shareholders at the general meeting annually. A proposal for the board remuneration to the general meeting is prepared by Governance Committee.

## 5.8 CONTROL FUNCTION PAY

Staff in control functions have appropriate authority and are remunerated primarily in accordance with the achievement of the objectives set for their functions, independently of the financial performance of the Country / Department they oversee.

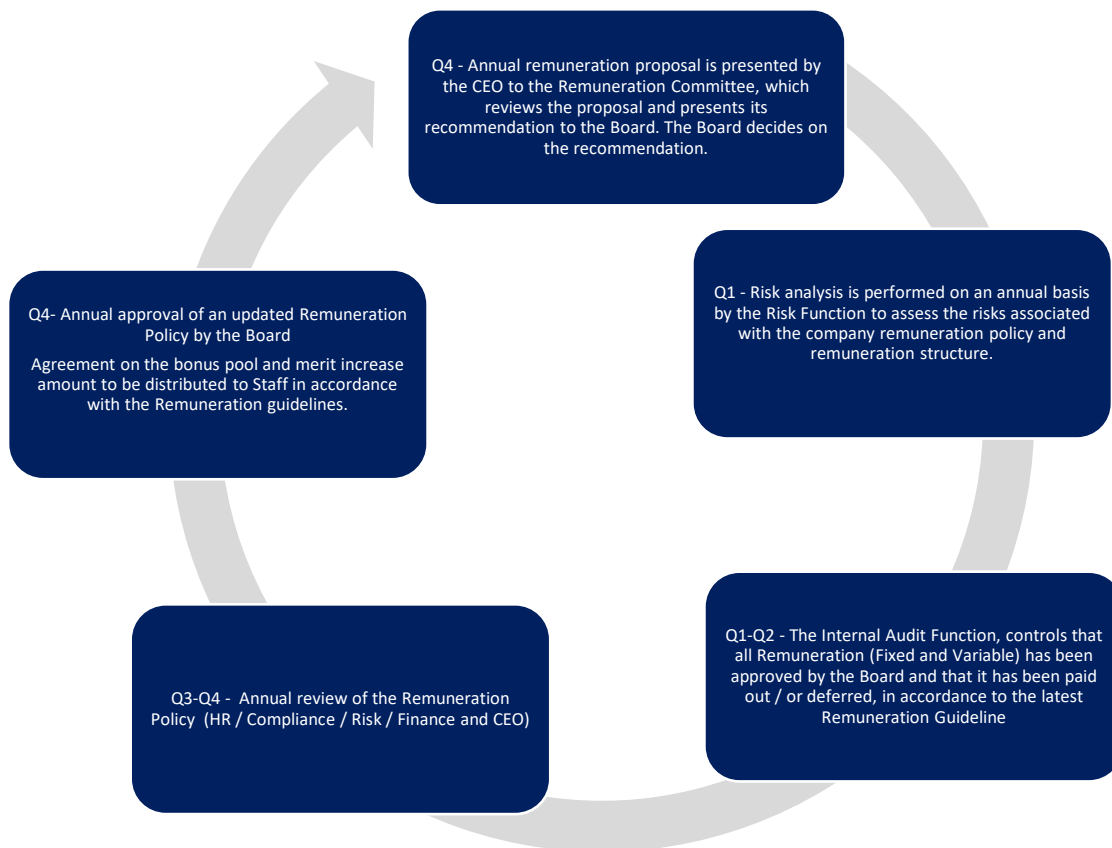
Employees who fall under this arrangement include employees in Compliance and Risk Management (the Internal Audit function being outsourced).

## 5.9 TERMINATION PAYMENTS

Payments relating to the termination of an employment or in relation to a significant change of an employment contract will reflect performance achieved over time and will not reward failure or misconduct.

All termination payments must comply with local legislation and regulations where the company / branch is based.

## 6. ANNUAL TIMELINE



## 7. GOVERNANCE

Governance is secured through a Remuneration Committee which is managed by the Board of Directors, Group CEO and CHRO and Control Functions.

Members of this Committee have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regards to mechanism for aligning the remuneration structure to MFEX's risk profile.

## 7.1 THE BOARD OF DIRECTORS

It is the responsibility of the Board to ensure that MFEX has a relevant and updated Policy for Remuneration. The Board shall approve this Policy annually, or more often if needed.

The Board shall ensure that MFEX's Remuneration Policy and practices are in accordance with applicable regulation, is appropriately implemented and aligned with the Company's corporate governance framework, corporate culture and risk appetite.

To that end, the Board will be presented with:

- Aggregated payroll data, market practices analysis and economical information to define the bonus and salary increase pool,
- Aggregate data of proposed salary increases and bonus,
- For MRT employees, individual data to confirm outcome for each and every employee, including control functions staff,
- Financial analysis in particular to assess impact of the proposed spent on the financial strength of the Company,
- Risk analysis of the Remuneration process established by the Risk function

The Board must ensure that the Remuneration Policy and practices of the Company are reviewed by the Internal Audit Function at least on an annual basis.

According to the Investment Firms Directive, article 51, MFEX must disclose aggregate quantitative information on remuneration (total annual fix and variable remuneration as well as the number of employees considered). Considering the size and global spread of MFEX, decision is taken to disclose information only at Group level to avoid risk of identification.

## 7.2 THE GROUP CEO AND CHRO

It is the responsibility of the Group CEO and CHRO to inform all employees about the content of this Policy. The Group CEO and CHRO shall also secure that the remuneration process is carried out accordingly with the content of this Policy

The Group CEO and CHRO shall, on an annual basis, present to the Board of Directors, a proposal for remuneration to be paid to the employees for the following year. In addition, the Group CEO and CHRO are responsible for ensuring that there is an updated list of employees, that are identified as "Material Risk Taker".

### 7.3 THE CONTROL FUNCTIONS

The control functions (Compliance and Risk) have been involved in the elaboration of this Remuneration Policy.

The internal Control Functions are independent and must have enough resources, knowledge and experience, to perform their tasks regarding MFEX's Remuneration Policy. The independent Control Functions shall cooperate actively and regularly with other control functions and other relevant functions and committees, regarding the Remuneration Policy and risks, which may arise from the company's remuneration practices.

The remuneration of the staff of the internal control functions must not be linked to the performance of the activities they control or determined according to other criteria which compromise the objectivity of the work carried out by the internal control functions.

The Internal Audit Function is outsourced, meaning that the function is not on MFEX's payroll. Since the remuneration to this function is decided and paid out at the discretion of the service provider rather than by MFEX, the remuneration to the Internal Audit Function does not affect its independence or ability to assess risks objectively.

### 7.4 ANNUAL RISK ANALYSIS

The Board must, at least annually in connection with budget preparation, decide on a level at which remuneration will be accommodated over the upcoming three years (the Risk Level). The decision to adopt a Risk Level must be based on a Risk Analysis prepared by the Risk Manager.

The Risk Analysis must contain the following:

- MFEX's ability to manage current and future risks;
- MFEX's ability to manage the actual costs to hold sufficient capital and liquidity;
- MFEX's ability to reach predicted results, according to budget;
- Review of the list of MFEX staff whose professional activities have a material impact on a Company's risk profile;
- An analysis of the MFEX remuneration system and whether its composition encourages excessive risk taking.

The Risk Function shall also perform this Risk Analysis before any variable remuneration is decided by the Board.

## 8. DISCLOSURE

### 8.1 EXTERNAL DISCLOSURE

The Remuneration Policy, once approved, will be published on the Company website.

### 8.2 INTERNAL DISCLOSURE

The Remuneration Policy is part of the MFEX's policies and procedures and, as such, are available to all staff on a shared common storage of the Company.

The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and remuneration.

Owner	Date of release	Update – Name
Chief HR Officer – G Allin	December 2020 (Board approval granted 15/12/20)	
Chief HR Officer	September 2021 (Board approval granted 10/09/21)	Update 02/09/2021 By Gaëlle Allin

## APPENDIX 1 – DEFERRAL RULES IN PLACE IN EACH REGULATED COUNTRY MFEX OPERATES

This will be regularly and at least once a year reviewed to ensure adherence to local requirements.

This policy is consistent with the economic strategy, objectives, values and long-term interests of the credit institution or financing company. It includes measures to avoid conflicts of interest. It is designed to promote sound and effective risk management.

### **Sweden , France and Luxembourg**

For the identified MRT employees whose Variable Remuneration, for one year, exceeds 25% of fixed remuneration or EUR 50 000, at least 40% of the Variable Remuneration shall be deferred, over a period of three years as required by applicable regulations from Swedish Financial Supervisory Authority (Finansinspektionen), the Code Monétaire et Financier and the CSSF in Luxembourg.

### **Italy, Spain and the UK**

Branches and Representative offices are regulated by the Swedish Financial Supervisory Authority (Finansinspektionen). Therefore, Swedish rules shall apply to Branches offices and Representative offices which are Spain, Italy and the UK.

## APPENDIX 2 – DEFERRAL PLAN AND EXAMPLE

### APPLICABLE TO SWEDEN, FRANCE, LUXEMBOURG, the UK, SPAIN, ITALY

The **MRT Deferral Plan** shall apply to MRT and Senior Manager due to local regulation. The deferred award is calculated following the table below.

To be reminded that deferral arrangements will apply as long as the individual's variable remuneration does exceed EUR50 000 or 25% of total annual compensation. Reaching one or the other threshold will mean deferral rule applies.

Variable Pay Boundary (EUR <sup>1</sup> )		Deferral rate
From	To	
0	49 999	0%
50 000	74 999	40%
75 000 +		60%

Non deferred awards are granted as cash. Deferred awards are granted as cash and will vest on a pro rata annual basis, on the first, second and third anniversaries of the variable pay award.

An example is set out below:

Variable pay award of **EUR 65 000 for an employee paid EUR 150 000 (85K fixed pay + 65K variable)**

49 999 with 0% deferral = 0

15 001 with 40% deferral = 6000.40

Total deferred award 6000.4

Year Y = 58 999.6 paid in cash

Year Y+1 = 2000

Year Y+2 = 2000

Year Y+3 = 2000.4

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<sup>1</sup> Where variable pay awards are granted in a currency other than EUR, the Company will apply conversion rate to determine the relevant deferral rate.