ARROWSTREET CAPITAL IRELAND LIMITED

REMUNERATION POLICY

March 2021

1. Remuneration Policy

1.1 Introduction and Purpose

Arrowstreet Capital Ireland Limited (the "Company") has adopted this remuneration policy in order to meet the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the "UCITS Regulations") 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. This policy has been adopted in light of the Guidelines on Sound Remuneration Policies under the UCITS Directive issued by ESMA in March 2016 (the "ESMA Guidelines").

The purpose of this policy is to describe the remuneration principles and practices within the Company and for such principles and practices:

(a) to be consistent with, and promote, sound and effective risk management;

(b) to be in line with the business strategy, objectives, values and interests of the Company;

(c) to be consistent with the Company's approach to managing sustainability risk as detailed in the prospectus of The Arrowstreet Common Contractual Fund (the "CCF");

(d) not to encourage excessive risk-taking as compared to the investment policies of the sub-funds of the CCF (each, a "Fund");

(e) to provide a framework for remuneration to attract, motivate and retain directors and designated persons (the Company has no other staff) in order to achieve the objectives of the Company; and

(f) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

1.2 Application

This policy applies to staff whose professional activities have a material impact on the risk profile of the Company or of the Funds and so would cover the following (as applicable): (i) senior management; (ii) risk takers[1]; (iii) control functions[2]; and (iv) any employees

[1] The Remuneration Guidelines refer in this context to "[s]taff responsible for heading the investment management, administration, marketing, human resources" and "staff members, whose professional activities – either individually or collectively, as members of a group (e.g. a unit or part of a department) – can exert material influence on the management company's risk profile or on a UCITS it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the management company or of a UCITS it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks."

[2] "Control functions" refers to staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a management company.

receiving total remuneration that takes them into the same remuneration bracket[3] as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company. The Company currently does not have any employees – the only Company personnel are the members of the Company's management body (i.e., the board of directors (each, a "Director" and collectively, the "Board")) and the designated persons (each, a "Designated Person"). All members of the Board are non-executive Directors. One of the Directors is affiliated with the investment manager of the CCF (the "Investment Manager"). One of the Designated Persons is affiliated with the Investment Manager and the remaining Designated Persons have been seconded from Clifton Fund Consulting Limited trading as KB Associates ("KBA"). This policy applies both to the Directors who receive remuneration – namely, those Directors who are not affiliated with the Investment Manager (the "Independent Directors") – and the Director who does not receive remuneration in light of his affiliation with the Investment Manager and the Designated Persons.

1.3 **Governance**

UCITS management companies and self-managed investment companies that are significant in terms of their size or of the size of the funds they manage, their internal organisation and the nature, the scope and the complexity of their activities are required to establish a remuneration committee. In view of the limited size of the Funds, the non-complex nature of the Company's internal structure and its activities, it is not considered appropriate for the Company to establish a remuneration committee. In particular, the Company has taken account of the following circumstances prevailing as of the date of this document:

- the value of the Company's capital;
- the value of the assets under management of the Company;
- the expected assets under management of the Company and the Funds for the coming 12-month period;
- the Company has no employees;
- the Company is not listed;
- the Company does not manage any listed Funds;
- the Funds engage in a limited number of investment strategies;
- none of the Funds engage in leverage on a substantial basis;
- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU or provide the services mentioned under Article 6(3) of the Directive 2009/65/EC;
- although the Funds are marketed in more than one EU jurisdiction, the Company has been selective in its application for the marketing passport in respect of the Funds and has not applied for the passport for all EU jurisdictions. Currently, the Funds are passported only into the Netherlands; and
- aside from the Funds, the Company does not manage any other UCITS in any other EU or non-EU jurisdictions.

[3] "Remuneration bracket" refers to the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.

Accordingly, the Company is considered to be a non-complex, small scale UCITS management company. The Board is responsible for the remuneration policy of the Company and for determining the remuneration of the Directors and Designated Persons. The Board is comprised of non-executive Directors only. The Board has adopted this policy and periodically reviews (at least annually) the general principles of this policy and is responsible for, and oversees, its implementation in line with the UCITS Regulations. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review. Where a periodic review reveals that the remuneration system does not operate as intended or prescribed, the Board shall ensure that a timely remedial plan is put in place.

1.4 **Alignment of remuneration and risk-taking**

(a) *Fixed Salary*

The Independent Directors receive a fixed annual fee which is competitive and based on the individual Director's powers, tasks, expertise and responsibilities including, without limitation:

(i) chair of the Board or of Board sub-committees;

(ii) membership of Board sub-committees;

(iii) designated person functions; and

(iv) performing the role of the "organisational effectiveness" director as required by the Central Bank, where applicable.

Each Director's performance is subject to annual review by the Board.

(b) *Variable Salary*

The Independent Directors receive fixed remuneration only. It is not considered appropriate for any Director to receive variable remuneration from the Company. Fees are paid to KBA in respect of each of the seconded Designated Persons in the form of a fixed daily fee, subject to a minimum annual fee. Such fees may be adjusted based on the fixed daily fee to reflect any revision of time commitments of the relevant Designated Person required by the Central Bank. The following pay-out process rules in the UCITS Regulations applicable to variable remuneration do not apply to the remuneration paid to staff of the Company:

- variable remuneration in instruments;
- retention;
- deferral;
- ex post incorporation of risk for variable remuneration.

Following assessment by the Company of each of the pay-out process rules and taking account of Company's specific circumstances, this approach is considered to be appropriate to Company's size, internal organisation and the nature, scope and complexity of its activities as noted in Section 1.3.

(c) *Expenses*

The Independent Directors will be reimbursed all reasonable, validly incurred, duly authorised and documented business expenses.

(d) *Other Benefits*

The Company does not propose to provide benefits to the Directors or Designated Persons other than those referred to in this policy.

(e) *Pension*

The Directors and Designated Persons are not entitled to pension contributions or other benefits from the Company in respect of their role as directors and designated persons of the Company.

(f) *Notice of termination and severance pay*

The maximum notice period in any Director's or Designated Person's letter of engagement shall be determined by the relevant letter of engagement. Subject to the terms of that engagement letter, a Director's or Designated Person's fee will continue to be paid during the relevant notice period. No severance payments are made.

(g) *Integration of Sustainability Risks*

The EU Sustainable Finance Disclosure Regulation (2019/2088) ("SFDR") requires the Company to include in its remuneration policy information on how the remuneration policy is consistent with the integration of sustainability risks. Sustainability risk is defined in SFDR as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". The same information must be published on the Company's website.

The Company is for the purposes of SFDR a "financial market participant". Accordingly, sustainability risks are environmental, social or governance events or conditions which, if they were to occur, could cause an actual or potential material negative impact on the value of the investments made by the Funds.

Remuneration paid to the Independent Directors is currently comprised of a fixed salary component as described in Section 1.4(a) above and the other Director currently does not receive either fixed or variable remuneration due to his affiliation with the Investment Manager. Fees are paid to KBA in respect of the seconded Designated Persons, as described in Section 1.4(b). If this position were to change, the Company may determine, at its discretion, to pay Directors, Designated Persons or other staff a combination of fixed and variable remuneration (including a bonus). The variable component of remuneration which may be paid would be discretionary and dependent on the performance of the individual and the Funds in accordance with this remuneration policy. Compliance with all the Company's policies and procedures, including policies and procedures relating to the impact of sustainability risks on the investment decision-making process, may be taken into account as part of that overall assessment.

(h) *Conflicts of Interest*

To the extent that the Company in the future retains any staff engaged in control functions (i.e., staff other than senior management responsible for risk management (including sustainability risk management), compliance, internal audit and similar functions), in order to address any conflict of interest such staff shall be compensated in accordance with the achievement of the objectives linked to their control functions, independent of the performance of the business area to which the control functions relate.

A Director or Designated Person may undertake external activities with or without compensation and/or inducements that might lead to a conflict of interest with the Company or the Funds provided the conflict of interest is considered and disclosed to the Board in accordance with the terms of the Director's or Designated Person's letter of appointment.

Any staff that may be engaged by the Company 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 subject this policy.

The Company has also adopted a connected party transaction policy in accordance with the requirements of the Central Bank.

2. Delegation of the Investment Management Function

2.1 Application of Remuneration Rules to Delegates

The Company has delegated the investment management function in respect of each Fund to the Investment Manager and so the Company must ensure that:

(a) the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines; or

(b) appropriate contractual arrangements are put in place with the Investment Manager in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines. These contractual arrangements should cover any payments made to the Investment Manager's identified staff as compensation for the performance of investment management activities on behalf of the Company.

2.2 Confirmation of Applicability of Remuneration Rules by Investment Manager

The Investment Manager has confirmed to the Company that is has in place a remuneration policy which is consistent with the ESMA Guidelines and that the Investment Manager's remuneration policy is intended to:

- attract and retain qualified employees who will perform in a manner that will assist the Investment Manager in meeting its objectives;
- ensure that remuneration practices are fiscally prudent and risk-focused in an effort to promote effective risk management;
- ensure that remuneration decisions are in compliance with relevant laws and regulations;
- ensure that remuneration decisions are internally consistent;
- establish a strong link between each individual's level of reward and the annual and long-term performance of the Investment Manager;

- provide total remuneration that is competitive in the relevant market considering all appropriate factors, including but not limited to:
  - the annual and long-term performance of the Investment Manager and the Funds;
  - the resources available to the Investment Manager;
  - the performance of the relevant employee, taking into account the scope of his or her responsibilities and whether he or she achieved his or her annual objectives; and
  - the remuneration provided by peer institutions or groups.

Moreover, the Investment Manager has taken account of the factors identified in Section 1.3 above and following circumstances prevailing as of the date of this document and it has determined that (i) a proportionate application of the remuneration rules is justified; and (ii) variable remuneration in the form of units of a Fund (or equivalent non-cash instruments) and the other elements of the so-called pay-out process rules would not achieve an effective alignment of interests for any staff of the Investment Manager:

- the aggregate value of the portfolio of the Funds is less than 5% of the total portfolio managed by the Investment Manager;
- there are no staff of the Investment Manager solely dedicated to the management of the Funds;
- remuneration of staff of the Investment Manager is not specifically tied to the performance of any investment product or groups of investment products; and
- the Investment Manager shall ensure that the ratio between employee salaries and bonuses, if any, is appropriately balanced.

The Investment Manager is required to provide a confirmation on an annual basis (or as otherwise reasonably required by the Company) that it has to put in place a remuneration policy that is consistent with the ESMA Guidelines.

3. **Deviation from the Policy**

The Board may deviate from the above policy. However, in such a case, the relevant payments must comply with the UCITS Regulations and the ESMA Guidelines (to the extent applicable) and in addition, the Board shall approve any payments made.

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