

REMUNERATION POLICY

1. Remuneration Policy

1.1 Introduction and Purpose

Global X Management Company (Europe) Limited (The “Company”) is authorised by the Central Bank of Ireland (the “Central Bank”) to provide:

- collective portfolio management which includes, investment management, administration and marketing services to collective investment undertakings authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “**UCITS Regulations**”); and
- to manage portfolios of investments and provide investment advice to professional clients (the “**MiFID Services**”) pursuant to the UCITS Regulations.

The Company has adopted this remuneration policy in order to meet the requirements of the UCITS Regulations; the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) (the “**MiFID Regulations**”), and the Markets in Financial Instruments Regulation (EU) No.600/2014 (“**MiFIR**”) 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 pursuant to ESMA’s Guidelines on Sound Remuneration Policies under the UCITS V Directive and AIFMD and ESMA’s Guidelines on Remuneration Policies and Practices (MiFID) (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) not to encourage excessive risk-taking as compared to the investment policy of the relevant fund managed by the Company (each, a “Fund” and together, the “**Funds**”) and in respect of the MiFID Services;
- (d) to provide a framework for remuneration to attract, motivate and retain staff (including Directors) to which the policy applies in order to achieve the objectives of the Company; and
- (e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

1.2 Application

This policy applies to identified staff, being those whose professional activities have a material impact on the risk profile of the Company in respect of the MiFID Services or of each of the Funds and so covers: (i) senior management; (ii) risk takers¹; (iii) control

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 –

functions²; and (iv) any employees receiving total remuneration that takes them into the same remuneration bracket³ as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company.

The senior management of the Company shall be responsible for the day-to-day implementation of this policy and the monitoring of compliance risks related to this policy.

The Company has established an office in Ireland. However, the Company operates on a delegated basis insofar as it has a board of directors (each a “**Director**” and collectively the “**Board**”) and designated persons with responsibility for the key managerial functions identified in the Central Bank’s Fund Management Companies Guidance (“**Designated Persons**”). This policy applies to the employees and to the Directors who receive remuneration - namely, those Directors who are not affiliated with the investment manager of the Funds (the “**Independent Directors**”). This policy does not apply to the group directors (being employees of the Global X group, as they are not paid fees for acting as directors), or to the Company's delegates including the investment manager of the Funds (the “**Investment Manager**”). All members of the Board are non-executive Directors except for Brendan Needham.

The underlying principles of the policy are:

- i. the remuneration and performance assessment of identified staff must not conflict with the Company’s duty to act in its clients’ best interests. In particular, the policy and related practices must not create a conflict of interest or incentive that could lead identified staff favouring their own interests, or that of Company, to the potential detriment of any client;
- ii. a balance between the fixed and variable elements of remuneration is maintained at all times to ensure the remuneration structure does not favour the interests of the Company or that of its identified staff against the interests of its clients; and
- iii. variable performance-driven compensation must not be solely or predominantly based on quantitative commercial criteria but must also reflect qualitative criteria (including compliance with applicable regulations, the fair treatment of clients and quality of client service).

1.3 Governance

UCITS management 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 assets under management in respect of Funds and the MiFID Services, the non-complex nature of the Company’s internal structure and its

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.

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.

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 assets under management of the Company;
- the Company has a small number of employees;
- the Company’s legal structure is not complex;
- each Fund engages in a limited number of investment strategies and the investment strategy in relation to the MiFID Services;
- each Fund does not engage in leverage on a substantial basis;
- the Company does not act as an alternative investment fund manager under Directive 2011/61/EU (“AIFMD”); and
- the Company currently only manages Global X ETFs ICAV and does not manage UCITS in any other EU or non-EU jurisdictions.

Accordingly, the Company is considered to be a non-complex, small scale management company. The Board is responsible for the remuneration policy of the Company and for determining the remuneration of the employees and Directors of the Company. The Board is comprised of six non-executive Directors and one executive Director who is also country head and Designated Person with responsibility for investment management and distribution (Brendan Needham). 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 MiFID Regulations, MiFIR and the ESMA Guidelines. 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 (Directors)*

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) chairperson of the Board or of Board sub-committees;
- (ii) membership of Board sub-committees;
- (iii) their engagement with those who carry out the Designated Person functions; and
- (iv) performing the role of the “organisational effectiveness” director as required by the Central Bank, where applicable.

No pension contributions are payable on Directors’ fees. Each Director’s performance is subject to annual review by the Board.

(b) ***Fixed Salary (employees)***

The Company pays employees a base salary, which is competitive and based on the relevant employee's professional experience and organisational responsibility as set out in the relevant employee's job description as part of the terms of employment.

In addition to the base salary, all employees are entitled to receive standard benefits and may be eligible to receive a discretionary bonus, dependent upon their performance, the Funds' performance or the performance of the segregated mandates managed by the Company (the "**Separate Portfolios**"). Benefits and benefit amounts vary by seniority of the employee and are in line with the global policies set by the Company.

(c) ***Variable Salary***

The Independent Directors receive fixed remuneration only. It is not considered appropriate that the non-executive Directors receive variable remuneration from the Company. Executive Directors and employees (including Designated Persons) may be eligible to receive a discretionary bonus, dependent upon their performance the Funds' performance or the performance of the Separate Portfolios. The following pay-out process rules in the UCITS Regulations applicable to variable remuneration do not apply to the remuneration paid to Executive Directors and employees 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 the Company's specific circumstances, this approach is considered to be appropriate to the Company's size, internal organisation and the nature, scope and complexity of its activities as noted in Section 1.3. Where payable, variable remuneration shall not be solely or predominately based on quantitative commercial criteria but shall take fully into account qualitative criteria, including compliance with applicable legislation, the fair treatment and quality of service provided to clients. As noted above, the non-executive Directors currently do not receive variable remuneration as it is not considered appropriate at this time that they receive variable remuneration from the Company. If this position were to change, the Company may determine, at its discretion, to pay non-executive 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, the Funds' performance or the performance of the Separate Portfolios 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, as described below, may be taken into account as part of that overall assessment.

(d) ***Expenses***

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

(e) ***Housing Benefits***

In certain circumstances where staff from affiliates of the Company are seconded to the Company, then it may be appropriate that such staff member receives housing benefits from the Company.

(f) ***Other Benefits***

The Company does not propose to provide benefits to the Directors and employees other than those referred to in this policy but they may from time to time receive non-cash benefits.

(g) ***Pension***

Company staff are entitled to pension contributions, however the Directors (other than executive directors) are not entitled to either pension contributions or other benefits from the Company in respect of their role as directors of the Company.

(h) ***Notice of termination and severance pay***

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

In case of early termination of an employment contract, the Company may provide severance pay to reflect performance over time. Severance pay will not reward failure or misconduct. Severance pay may include payments related to the duration of a notice period or a redundancy payment for loss of office.

(i) ***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 or Separate Portfolios.

Remuneration paid to the Independent Directors is currently comprised of a fixed salary component as described in Section 1.4(a) above.

(j) ***Conflicts of Interest***

To the extent that the Company retains any employees engaged in control functions (i.e., employees (other than senior management) responsible for risk management, compliance, internal audit and similar functions), in order to address any conflict of interest such employees 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 may undertake external activities with or without compensation and/or inducements that might lead to a conflict of interest with the Company, the Funds provided that the conflict of interest is considered and disclosed in accordance with the terms of the Director's letter of appointment and the relevant standards of conduct.

Any employees 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 to this policy.

The Company has also adopted a connected persons 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 Global X ETFs ICAV to the Investment Manager. In addition, the Company has delegated portfolio management in respect of the management of Separate Portfolios to the Investment Manager. The Company must ensure that:

- (a) the Investment Manager and any sub-investment managers to whom the Investment Manager sub-delegates are 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 and any sub-investment managers 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 and any sub-investment managers 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 Delegate Managers and Sub-Investment Managers

The investment management agreement entered into by the Company and the Investment Manager includes a contractual obligation by the Company to ensure that the Investment Manager complies with the UCITS Regulations and includes an obligation to ensure that its remuneration policies and procedures are consistent with the ESMA Guidelines and so ensures that there is no circumvention of the remuneration rules set out on the ESMA Guidelines. The Investment Manager has confirmed to the Company that it has put in place a remuneration policy that is consistent with the ESMA Guidelines.

Any sub-investment management agreements entered into by the Investment Manager with any sub-investment managers shall include a contractual obligation to ensure that the relevant sub-investment manager complies with the UCITS Regulations and includes an obligation to ensure that its remuneration policies and procedures are consistent with the ESMA Guidelines and so ensures that there is no circumvention of the remuneration rules set out on the ESMA Guidelines. Each sub-investment manager must confirm to the Investment Manager that it has put in place a remuneration policy that is consistent with the ESMA Guidelines.

Any portfolio management agreement to be entered into by the Company and the Investment Manager shall include a contractual obligation to ensure that the Investment Manager includes an obligation to ensure that its remuneration policies and procedures are consistent with the ESMA Guidelines and so ensures that there is no circumvention of the remuneration rules set out on the ESMA Guidelines.

3. Deviation from the Policy

The Board may deviate from the policy, for example through the payment of variable remuneration in the case of exceptional performance. However in such a case the payments must comply with the UCITS Regulations, the MiFID Regulations, MiFIR and the ESMA Guidelines (to the extent applicable) and, in addition, the Board shall approve the payments and explain the reason for the deviation at the following annual general meeting of the Company.

4. Disclosure

A copy of this policy will be made available at the Company's internet homepage. A paper copy of this policy will be made available free of charge by the Company, upon request. Information will be made available in the Company's annual audited financial statements, as required.

5. Review

The Designated Person with responsibility for regulatory compliance performs an annual review of the Remuneration Policy and seeks appropriate assurances from the Investment Manager to establish that the policy is being implemented in an appropriate manner. The Designated Person with responsibility for regulatory compliance shall either confirm to the Board that there has been no material change to this policy or provide details of the changes to the Board. The Remuneration Policy will be reviewed by the Board annually.