

Compensation Policy Luxcara

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Contents

1	Purpose of this policy.....	2
2	Principles	2
3	Performance Management	3
4	Employee bonding.....	4
5	Breach of this policy.....	4
6	Contact and review	4



1 Purpose of this policy

The Luxcara strives at creating a lasting positive impact by managing assets with a long-term perspective to the benefit of our clients and societies in general.

Luxcara adopts a similar long-term approach to employee compensation in support of its business strategy and encourages a corporate culture of commitment and accountability over the long term. This approach reflects Luxcara’s belief that employees’ interests should be closely aligned with those of its clients.

2 Principles

Luxcara is an equal opportunity employer and does not discriminate against employees based on age, gender, nationality or any other basis that is inconsistent with our corporate values. To attract the most talented individuals who are committed to its mission, Luxcara rewards contribution and has developed a transparent compensation scheme based on its “pay for performance” and “fair pay” policy while simultaneously creating a long-term alignment of interest. Hence, the compensation components are split into a short-term-incentive (STI) and a long-term-incentive (LTI) and further considers qualitative assessments of the compliance with Luxcara’s Sustainability Risk Policy.

Compensation components	Compensation components: <ul style="list-style-type: none"> ▪ Short-term (STI): base salary and partially deferred cash bonus 0 – 100% ▪ Long-term (LTI): fund-specific Employee Carry Participation (“ECP”) and depending on seniority level a group performance participation
Bonus	Dependent on: <ul style="list-style-type: none"> ▪ Individual goals ▪ Team goals ▪ Company’s financial target
Group performance participation	Possible for highest position(s) in departments Investment, Project, Technical, Fund and Corporate
Sustainability Risk	Qualitative assessment of compliance with Sustainability Risks Policy

Short-term incentive (STI)

The STI is split into a base salary and evenly paid out monthly while the variable remuneration is deferred and paid as a bonus either once a year or twice a year or stretched over two years.

The base salaries for all employees are based on an individual’s role and the level of responsibility for the upcoming term. It is fixed contractually, is reviewed once a year and typically only significantly adjusted if there is a change of role.

The variable elements in the company’s compensation framework are relative to individual and team objectives as well as to the company’s overall achievements.

The amount of the STI's variable part is defined in advance at the beginning of term in accordance with the upcoming year's objectives and expectations for the overall performance of the company. Awarded annually, it is reduced if the defined individual, team, and company's objectives are not met.

Long-term incentive (LTI)

The LTI includes an equity-related compensation for managing partner/executive board member in form of a group performance participation and economic participation via a fund-specific Employee Carry Participation ("ECP"). Luxcara believes that with increasing seniority and responsibility a larger part of the managing partners/executive board members' total compensation should be tied to long-term goals and hence have longer pay-out mechanisms. The LTI in form of the group's profit participation depends on a four-year-performance period. The ECP is aligned with the individual investment Funds performance, hurdle rate and lifetime.

Eligible employees also participate through the ECP which has the intention to align team members long-term with the individual investment Funds performance over its lifetime. Details are described in the Luxcara Employee Carry Participation (ECP) Policy. The length of the periods goes in line with Luxcara's focus on sustainable value creation while avoiding inappropriate risk-taking or short-term profit maximization at the expense of long-term return generation for our clients. A Good and Bad Leaver policy is in place. In addition to the quantitative assessment, another component of the LTI is the measurement of strategy implementation and leadership achievements.

Risk Alignment

Luxcara acknowledges that the Compensation Policy, and an individual employee's remuneration, must be consistent with and promote sound and effective risk management and not encourage risk-taking that exceeds the level of tolerated risk of Luxcara.

The risk-limiting features of the Compensation Policy include (amongst other things) the application of non-financial metrics, such as an assessment of an employee's compliance with Luxcara's Sustainability Risks Policy, where applicable

3 Performance Management

Under the Compensation Policy, Luxcara carries out an assessment of an individual's performance, when assessing and determining variable remuneration. This assessment is based on both quantitative criteria (for example, financial performance of the individual and their business unit) and qualitative criteria (for example, holistic assessment of general adherence to certain policies and procedures).

The qualitative criteria used include, among others, an assessment of whether the relevant individual employee has complied with Luxcara's sustainability policies, including the Sustainability Risks Policy.

This assessment of compliance with the Sustainability Risks Policy will be carried out by the Managing Board. In general terms, a positive or neutral assessment of overall compliance by an employee with the Sustainability Risks Policy would not in itself be expected to contribute to any additional variable remuneration being awarded to an individual employee. However, in extreme cases, a negative assessment of overall compliance by an individual employee with the Sustainability Risks Policy may result in a partial or full reduction in the variable remuneration amount which would otherwise have been awarded to that individual. The amount of any such reduction must be personally approved by Luxcara's Managing Board and is determined at the sole discretion of the Managing Board.

4 Employee bonding

Luxcara is fully aware that compensation is no substitute for talent development. Even though it is an important pillar of governance and leadership, it is no substitute for a caring culture, for non-material ways of recognizing individual achievements and for helping the development of the company’s most precious asset: our team. This compensation policy therefore forms part of Luxcara’s holistic employee bonding programme.

5 Breach of this policy

Luxcara will take any breach of this policy seriously and will initiate necessary measures (including disciplinary actions) to ensure compliance with the policy.

6 Contact and review

This policy will be reviewed annually and updated as necessary. For any feedback regarding this policy, please do not hesitate to contact:

Responsibility	Email	Phone
Luxcara Policy Coordinator	policies@luxcara.com	+49 40 6056 41 0

Version	Publication Date	Changes
1	2009	Creation, set-up of the policy
2	February 2022	Structural update and alignment of policies
3	February 2023	Regular update
4	January 2024	Integration of Employee Carry Participation (“ECP”) Policy and clarifications
5	April 2026	Annual review and layout update