



## Remuneration Policy - HAFS

### 1 Introduction

#### 1.1 Legal framework

Hauck & Aufhäuser Fund Services S.A. (hereinafter "**HAFS**" or "**Management Company**") is a management company authorized under Chapter 15 of the Law of December 17, 2010 on Undertakings for Collective Investment (hereinafter "**UCI Law**") and is also licensed as an alternative investment fund manager (hereinafter "**AIFM**") pursuant to the Law of July 12, 2013 on Alternative Investment Fund Managers (hereinafter "**AIFM Law**"). HAFS is a subsidiary of Hauck Aufhäuser Lampe Privatbank AG, located in Frankfurt am Main (Germany) (hereinafter "**HAL Group**") and is regulated by the financial supervisory authority in Luxembourg, the *Commission de Surveillance du Secteur Financier* (hereinafter "**CSSF**").

As a Luxembourg-based subsidiary, HAFS is subject to the legal and regulatory requirements applicable in Luxembourg with respect to its remuneration policy. The remuneration policy is based on the requirements set out in CSSF Circular 10/437 "Guidelines on remuneration policy in the financial sector" and CSSF Circular 18/698 "Authorization and organization of managers of investment funds Luxembourg law". In addition, this remuneration policy is guided by the general provisions of the AIFMD & UCITS Directive as well as the related respective ESMA guidelines for sound remuneration policies taking into account the AIFMD and UCITS Directive respectively and the relevant recommendations, guidelines and Q&As published by the CSSF. Since March 2021, the requirements from Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (hereinafter "Disclosure Regulation") also apply.

Analogously to the regulations applicable to the German companies of the HAL Group, the Luxembourg branch and subsidiaries (incl. HAFS) are subject to the collective bargaining agreement applicable in Luxembourg. In the non-tariff area, the "*Company Agreement on Variable Remuneration*" of the HAL Group also applies. In addition, the German Institutional Remuneration Ordinance (Institutsvergütungsverordnung) of the HAL Group (hereinafter "**IVV**") is relevant for the subsidiaries in Luxembourg.

#### 1.2 Remuneration policy guidelines

The remuneration policy is derived from the business policy. It is intended to promote both a sustainable and value-oriented approach and the entrepreneurial commitment of employees. The remuneration policy is therefore committed to the principles of transparency and basic security needs as well as to performance and results-based compensation.

The employees of HAFS as well as the HAL Group are a central component of the company's success. Together with the employees, a corporate culture of responsible action is developed in which each individual can make a positive contribution. Sustainable and social aspects are a central component in the design of the HAL Group's incentive systems.



The aim is to make a real and active contribution to a greener and fairer world. Therefore, HAFS' remuneration policy supports appropriate management of all relevant business risks by incorporating sustainability risks as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (hereinafter "**Disclosure Regulation**").

## 2 Proportionality

The remuneration policy of HAFS is in line with the strategic objectives, values and interests of the HAL Group, of HAFS as management company and of the UCITS and AIFs it manages, as well as of its investors. It is consistent with sound and effective risk management and includes measures to avoid conflicts of interest. It does not encourage the disproportionate assumption of risks, including sustainability risks, that are inconsistent with the risk profiles and contractual terms of the UCITS and AIFs it manages, and it does not prevent HAFS from acting dutifully in the best interests of the UCITS and AIFs.

## 3 Structure and components of remuneration

The compensation arrangements for employees and the Board of Management are regulated individually in the employment contract. The compensation system can generally consist of the following components:

- fixed compensation (including non-cash benefits);
- of a variable remuneration;
- monetary and non-monetary fringe benefits.

The compensation components are to be appropriately balanced/proportionate to each other. In principle, each employee is adequately remunerated by the fixed compensation; the variable compensation is therefore merely an additional payment.

The appropriate design of the compensation system is reviewed annually by the Human Resources department to identify any need for adjustment as a result of possible changes in business and risk strategy and the legal situation.

## 4 Design of the remuneration system

### 4.1 Principles

Within the framework of the remuneration system of HAFS, a basic distinction is made between employees who are subject to the collective banking agreement (hereinafter "**Tariff employees**") and employees whose remuneration is outside the collective banking agreement (hereinafter "**Non-Tariff employees**"). Non-Tariff Employees are employees whose employment relationship has been concluded with HAFS on the basis of Article L.162-8 (3) of the Luxembourg Labor Code concerning executive employees. The annual gross remuneration (hereinafter "**target remuneration**") of these employees is composed of a fixed remuneration and a variable remuneration component regulated in the employment contract of the respective employee.



#### **4.2 Fixed remuneration**

As a matter of principle, fixed compensation represents a significant portion of total compensation. This is intended to exclude any significant dependence on variable compensation components. The basic compensation is based on the employee's function and his or her classification in a pay scale group or non-pay scale compensation.

#### **4.3 Variable compensation**

Tariff employees generally do not receive any additional variable remuneration in addition to their fixed basic remuneration. In individual cases, however, the Management Board reserves the right to pay variable compensation as part of a special distribution for employees covered by collective bargaining agreements.

Non-Tariff employees receive additional variable compensation on top of their fixed basic compensation. The target compensation for Non-Tariff employees thus comprises two compensation components - a monthly base salary (fixed compensation) and variable compensation. The target compensation is generally based on the duties and responsibilities of the specific job requirement, the employee's knowledge and experience, and the compensation practice on the market for the respective function. In principle, the granting of variable compensation may not be directly related to risk-affine behavior or the direct performance of the managed fund vehicles. In addition, attention is paid to the avoidance of possible conflicts of interest in connection with the management of UCITS as well as AIFs, e.g. by separating functions.

No targets are set that could provide incentives to take disproportionate risks. The HAL Group's remuneration system is designed and the basic remuneration is set in such a way that this avoids any significant dependence of employees on variable remuneration.

#### **4.4 Allocation of compensation components**

With regard to remuneration and the respective remuneration components (fixed and variable remuneration), in accordance with CSSF Circular 10/437, attention is paid to the persons who are members of the administrative and management bodies of a financial institution, as well as to the categories of personnel whose professional activities have a material impact on the risk profile of the financial institution (hereinafter "**Risk Taker**"). In recognition of legal and regulatory requirements and in order to avoid conduct involving disproportionate risk or conflicts of interest on the part of Risk Taker, an appropriate allocation to the individual employee groups has been made on the basis of defined compensation components.

#### **4.5 Remuneration Committee**

There is a Compensation Committee at Group level.

### **5. Compensation Report**

With regard to the remuneration report to be published, HAFS refers to the remuneration report of the HAL Group, which fulfills all requirements and also takes into account HAFS as a company.