



Remuneration policy - HAFS

1 Introduction

1.1 Legal framework

Hauck & Aufhäuser Fund Services S.A. (hereinafter "HAFS" or "**Management Company**") is a management company authorised in accordance with Chapter 15 of the Law of 17 December 2010 on undertakings for collective investment (hereinafter "**UCI Law**") and is also authorised as an alternative investment fund manager (hereinafter "**AIFM**") in accordance with the Law of 12 July 2013 on alternative investment fund managers (hereinafter "**AIFM Law**"). HAFS 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 regard to its remuneration policy. The remuneration policy is based on the provisions of CSSF Circular 10/437

"Guidelines

on remuneration policy in the financial sector" and the CSSF Circular 18/698 "Authorisation and organisation of investment fund managers under Luxembourg law". In addition, this remuneration policy is based on the general provisions of the AIFMD & UCITS Directive as well as the related related ESMA guidelines for sound remuneration policies, taking into account the AIFMD and UCITS Directive and the relevant recommendations, guidelines and Q&As published by the CSSF. Since March 2021, the requirements from the Regulation(EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter "Disclosure Regulation").

HAFS voluntarily applies the collective banking agreement in force in Luxembourg, so that in addition to non-tariff, executive employees, employees in the function groups defined by the collective banking agreement are also employed.

1.2 Remuneration policy guidelines

The remuneration policy is derived from the business policy. It is intended to promote a sustainable and value-orientated attitude as well as the entrepreneurial commitment of employees. The remuneration policy is therefore committed to the principles of transparency and basic security as well as performance and result dependency.

HAFS employees are a central component of the company's success. Together with the employees, a corporate culture of responsible behaviour is being developed in which each individual can make a positive contribution. Sustainable and social aspects are a central component in the organisation of HAFS' incentive systems.



The aim is to make a real and active contribution to a greener and fairer world. HAFS's remuneration policy therefore supports the appropriate management of all relevant business risks by including 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 HAFS as a management company and the UCITS and AIFs it manages as well as its investors. It is compatible 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 remuneration arrangements for employees and the Management Board are regulated individually in the employment contract. The remuneration system can generally consist of the following components:

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

The remuneration components should be appropriately balanced in relation to each other. In principle, each employee is appropriately remunerated through the fixed remuneration, the variable remuneration therefore merely represents additional remuneration.

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

4 Organisation of the remuneration system

4.1 Principles

As part of the HAFS remuneration system, a distinction is made between employees who are subject to the bank collective agreement (hereinafter referred to as "**TA employees**") and employees whose remuneration is not covered by the bank collective agreement (hereinafter referred to as "**AT employees**"). AT employees are employees whose employment relationship with HAFS was concluded on the basis of Article L.162-8 (3) of the Luxembourg Labour Code on senior executives. The annual gross remuneration (hereinafter "**target remuneration**") of these employees is made up of a fixed remuneration component and a



a variable remuneration component regulated in the employment contract of the respective employee.

4.2 Fixed remuneration

In principle, fixed remuneration represents a significant proportion of total remuneration. This is intended to exclude any significant dependence on variable remuneration components. The basic remuneration is based on the employee's function and their classification in a pay scale group or non-tariff remuneration.

4.3 Variable remuneration

TA employees 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 remuneration as part of a special distribution for employees covered by collective wage agreements.

Non-tariff employees receive variable remuneration in addition to their fixed basic remuneration. The target remuneration for non-tariff employees therefore consists of two remuneration components - a monthly basic salary (fixed remuneration) and variable remuneration. The target remuneration is orientated is basically on the the tasks and responsibilities of the specific job requirement, the knowledge and experience of the employee and the usual remuneration on the market for the respective function. In principle may the granting of the variable remuneration in not directly related to risk-averse behaviour or the direct performance of the fund vehicles managed. In addition, care is taken to avoid potential conflicts of interest in connection with the management of UCITS and AIFs, e.g. by separating functions.

No targets are set that could incentivise employees to take disproportionate risks. The HAFS remuneration system is designed and the basic remuneration is calculated in such a way as to avoid a significant dependency of employees on variable remuneration.

4.4 Allocation of remuneration 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 and the categories of persons whose professional activities have a material influence on the risk profile of the financial institution (hereinafter "**influence employees**"). In consideration of legal and regulatory requirements and in order to avoid behaviour with disproportionate risk or conflicts of interest on the part of influential employees, a corresponding allocation to the individual employee groups was made on the basis of defined remuneration components.

4.5 Remuneration Committee



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There is a Remuneration Committee to monitor compliance with statutory and company remuneration requirements.

5. remuneration report

With regard to the remuneration report, HAFS publishes this information in accordance with the statutory requirements as part of its annual reporting obligations.