

MAINFIRST



# REMUNERATION POLICY

MAINFIRST AFFILIATED  
FUND MANAGERS  
(DEUTSCHLAND) GMBH

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# Remuneration policy

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MainFirst Affiliated Fund Managers (Deutschland) GmbH (hereinafter the “Company”), a securities institution is a securities institution in accordance with the Act on the Supervision of Securities Institutions (Wertpapierinstitutsgesetz – WpIG). The Company was classified as a small institute. According to the current regulations and announcements of BaFin, the German Securities Institution Remuneration Ordinance (InstitutsVergV) does not apply to the company. Nevertheless, the company is fundamentally based on the regulations of the InstitutsVergV.

The following principles and guidelines apply to all types of remuneration that can be paid or provided by the Company. As part of the Company's business and risk strategy, these principles and guidelines have been framed for long-term applicability, in line with the corporate culture of the Company and affiliated companies. These principles and guidelines apply to all Company staff, i.e. to employees just as much as to Management.

The purpose of the guidelines is implementation of all relevant laws, regulations and regulatory publications.

These guidelines are binding on all employees and the administrative bodies of the Company.

## 1.1 Company remuneration philosophies

The design of the Company remuneration systems is based on a uniformly implemented remuneration philosophy. A component of this remuneration philosophy is to support through remuneration decisions the achievement of the strategic business objectives of the Company, to provide incentives only in terms of a responsible, sustainable and risk-conscious business conduct of employees<sup>1</sup> and to promote the creation of values for customers or investors.

Within the MainFirst Group, the remuneration strategy sets the scope of action for the remuneration policy. The aim is to ensure that employee remuneration in line with the market, performance- and results-oriented, and that it takes equal account of the interests of shareholders and employees, supports the sustainable and positive development of the Company, and implements the risk strategy. In particular, the remuneration strategy is designed to aid the avoidance of disincentives which run counter to the interests of customers.

The Company also uses it to ensure that the Company's remuneration policy, the Company Group ESG principles and standards and sustainability risks are taken into consideration in line with 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. The Company publishes both the respective valid ESG standards and the current valid remuneration policy on the Company's website.

The remuneration system was developed with the concept of creating sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, contractual conditions or articles of association of the portfolio management mandates or investment consultancy mandates undertaken by the Company. The current remuneration system always observes the adherence to and implementation of relevant laws, regulations and notifications and addresses the principle of avoiding conflicts of interest.

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<sup>1</sup> Hereinafter, the term “employee” is used synonymously for male and female employees.

This creates a results-oriented corporate culture and remuneration policy, which fulfils the sustainability aspect and rewards the personal performance and the individual strengths of employees and thus motivates employees to make full use of their personal performance potential in the interest of the Company. In this way, the interests of the executives and employees of the Company and the interests of shareholders and customers are reconciled, while also incorporating internal ESG standards and sustainability factors. To avoid conflicts of interest and to avoid disincentives, an assessment of individual performance should be based on a long-term perspective.

In order to implement the remuneration philosophy, the Company defines the following basic principles for design of the remuneration systems, in compliance with internal Group standards.

The remuneration systems within the Company should in particular

- consider sustainability in the investment process and risk management
- consider sustainability in Company management and corporate governance
- consider the profitability and the risk and capital costs of the Company
- sustainably secure the future economic performance and profitability of the Company
- offer Company employees an attractive, ongoing and competitive incentive system
- promote a long-term, sustainable and responsible mindset and behaviour on the part of employees
- avoid incentives for employees to enter into excessive risk positions
- ensure that the Company can continue to recruit and retain highly qualified and talented employees
- differentiate areas and responsibilities adequately when assessing remuneration
- be designed so as to be comprehensible and transparent and avoid unnecessary complexity

## 1.2 General remuneration structures

Basically, total remuneration can comprise fixed and variable remuneration components and fringe benefits.

The **fixed component of remuneration** is the part for which the conditions for granting the remuneration, in terms of merit and extent, and the type of grant

1. are not subject to discretionary assessment,
2. give employees no incentive to assume risks,
3. were established in advance,
4. are transparent for employees,
5. are long-term,
6. cannot be suspended unilaterally and
7. are not performance-related or otherwise designed to be subject to the application of agreed conditions and which cannot be unilaterally reduced, suspended or reversed by the Company.

**Fixed remuneration** therefore includes payments which satisfy statutory obligations and financial benefits or benefits in kind and which derive from a general, non-discretionary,

Company-wide rule, which are not performance-related and do not create incentives for risk-assumption, provided they are granted to a majority of employees who satisfy previously defined criteria. This applies in particular to benefits which are part of customary occupational circumstances and which are linked solely to the family or personal situation of the employee, such as the provision of childcare facilities, healthcare or appropriate ongoing retirement benefit contributions in addition to the contributions to statutory pension funds and flat-rate expense reimbursements. A further example is the provision of a Company car under a general Company car guideline.

The monthly salary is calculated according to the individual conditions governed by the employment contract. The fixed remuneration components are hereinafter collectively referred to as "fixed remuneration".

**Variable remuneration** is regarded as that part of the remuneration which is not fixed and so is dependent on the application of certain conditions and which is also risk-related and discretionary.

This covers the annual bonus and any other special payments. In certain circumstances, **variable remuneration** can additionally also cover payments of settlements made in particular cases and in connection with employees leaving the Company. The variable remuneration components are hereinafter collectively referred to as "variable remuneration".

All other benefits such as catering/canteen subsidies, parking spaces and the occupational pension are considered as **fringe benefits**. In addition, employees in certain functions or activities (for example, sales reps, executives) can be provided with Company cars. The current occupational pension is designed such that it does not contain any components of the discretionary occupational pension.

The payment of a variable remuneration, both in terms of amount and payment method, is always at the Company's discretion and does not give rise to a legal right.

## 1.3 General remuneration principles

The Company remuneration systems are in line with the following general remuneration principles.

Fixed and variable remuneration are always in appropriate proportion to each other. The fixed remuneration is designed so that the employee does not depend on the variable remuneration to cover reasonable living expenses. Guaranteed payments of variable remuneration are not permitted. This is to prevent any circumvention of the rules defined here, with the exception of cases specified in 1.4.

The remuneration principles address the underlying Company maxim that "**failure is not rewarded**".

Incentives for employees to enter into excessive or unreasonable risk positions are avoided. The general principles of the remuneration policy and the resulting remuneration systems are regularly reviewed for their appropriateness by the executive management, but at least once a year, and adjusted where necessary. The executive management is responsible for the

permanent implementation of the remuneration policy and for compliance with it and for the resulting remuneration systems.

The Company follows the "**Pay für Sustainability**" objective in terms of the Company Group ESG principles.

## **1.4 Designing variable remuneration components and significant remuneration parameters**

Performance is a key element of the corporate culture of the Company. Therefore, success and performance-related variable remuneration components should constitute a substantial component of the Company remuneration system.

When assessing the variable remuneration for the financial year, in principle both the previous risk-adjusted results of the Company and individual business units as well as the individual performance of the employee are taken into account. The definition of the criteria for measuring the Group and business area results of the Company is coordinated and controlled by the executive management.

Both the definition of the criteria for measuring the Group and business results as well as the relevant parameters for the individual business areas, in particular the risks of the specific area to be taken into account, can be adjusted at any time by executive management. The criteria and parameters may be restricted or extended in order to take into account, in particular, all relevant types of current and future risks appropriately when assessing success.

The decision on the partial or full grant and payment of a variable remuneration, in whatsoever payment method, including any provisions that were created, requires that such a payment is sustainable, taking into account the economic situation of the Company. The executive management and the remuneration committees at the level of the shareholders' meeting or MainFirst Holding AG must address this sufficiently when reaching a decision.

Variable remuneration (partially or fully) is not paid in the form of instruments or vehicles, which can enable, promote or facilitate a partial or full bypass of the remuneration principles described. Employees are required not to adopt personally motivated action strategies or other measures which are likely to undermine or counteract the remuneration rules standardised here.

The appropriateness of the value of variable remuneration is linked to the guidelines of this Company remuneration policy, applicable laws and regulatory rules and is determined by resolution of executive management.

Guaranteed variable remunerations (cash payments or MainFirst SICAV securities) are granted only in exceptional cases and only in the first year of employment, provided this does not exceed the risk bearing ability of the Company or is incompatible with these guidelines. However, in no circumstances are employees allowed to promise guaranteed payments in anticipation of future departures from the Company ("golden parachute"). Where agreed, variable remuneration is paid in the April of the following year as a special payment which does not give rise to legal rights. As regards payment methods, this is a gross payment. In substantiated exceptional cases, it can include the transfer of securities depending on the

respective value and also taking account of the appropriateness principle. Here, only fund shares of the part fund assets of MainFirst SICAV instigated by the Company can be transferred.

When fixing the remuneration of managers, the supervisory body must ensure that this relates appropriately to the tasks and performances of the manager and the circumstances of the Company and does not exceed, without special reasons, the level of remuneration customary in the market. Variable remunerations of managers should be based on an assessment policy covering several years. Based on the remuneration principles, the Company currently considers a period of 3 years to be the norm. If the variable remuneration is paid in securities, appropriate measures are taken by the shareholders to ensure that the independence of those members of management and the risk-bearing capacity of the company are not adversely affected (e.g. with regard to holding periods for the securities). As part of the implementation of all regulatory and statutory requirements, the executive management of the Company advises the shareholders' meeting, particularly with regard to the adequacy of the remuneration systems and their design and future development. Executive management documents their decisions in a resolution.