

Remuneration policy

Flossbach von Storch Group



Flossbach von Storch

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1 PRELIMINARY REMARKS

The Flossbach von Storch Group (Flossbach von Storch or FvS) has established an appropriate remuneration system for all employees that takes into account relevant functions and is consistent with the FvS business and risk strategy and objectives and values as well as the company's long-term interests and measures in relation to handling conflicts of interest. The policy surrounding remuneration is adapted to the institution's risk profile and incorporates sustainability risks, i.e. events or conditions relating to the environment, social affairs or corporate governance that could have a negative impact on the company's financial situation or profits, or on the reputation of FvS. It takes into account the long-term and sustainable performance of FvS as well as the interests of the company's employees, customers, investors and owners, and is thus designed to avoid conflicts of interest.

As a securities institution, Flossbach von Storch AG (FvS AG) is subject to the supervisory requirements for remuneration of the Investment Firm Regulation (IFR), the German securities institutions act (*Wertpapierinstitutsgesetz, WpIG*), the German ordinance on supervisory requirements for the remuneration systems of securities institutions (*Wertpapierinstituts-Vergütungsverordnung, WPI-VergV*) and the EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034 (EBA/GL/2021/13).

As a management company, Flossbach von Storch Invest S.A. (FvS Invest S.A.) is subject to comparable supervisory requirements for remuneration, in particular pursuant to Directive 2009/65/EC (UCITS Directive) and Directive 2011/61/EU (AIFM Directive), the ESMA Guidelines on sound remuneration policies (ESMA/2016/575, ESMA/2016/579) and Circular CSSF 10/437 and 14/585. Implementing a uniform remuneration policy also ensures that FvS AG, in its capacity as delegated portfolio manager of FvS Invest S.A., applies remuneration provisions with the appropriate regulatory level.

The establishment of a remuneration committee is currently not required in view of proportionality principles, i.e. on the basis of the internal organisation of FvS and the nature and scope of its transactions.

This remuneration system is subject to an annual, independent, central internal audit and is updated as required depending on the development of the FvS business activity and its workforce.

2 REMUNERATION STRUCTURE

An employee's total remuneration may be composed of both a fixed and a variable component. The remuneration system does not provide incentives that could prompt employees to place their personal interests or the company's interests above customer interests.

2.1 Fixed remuneration

Fixed remuneration is defined as the contractually agreed fixed salary, usually paid monthly, as well as any financial benefits or benefits in kind within the meaning of the law that are based on a previously established, general, permanent and non-discretionary FvS regulation. The fixed remuneration must reflect pertinent professional experience and the responsibilities, organisational or otherwise, of an employee within the institution, taking into account said employee's level of training, expertise and skill and any particular framework conditions (such as the remuneration level for the geographical location or a particular shortage of staff in the labour market for certain positions).

2.2 Variable remuneration



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In addition to fixed remuneration, employees may also receive a variable remuneration component. This includes, in particular, any additional performance-based remuneration (bonus). Variable remuneration is granted by FvS in return for an employee's sustained and risk-adjusted performance and for performance that goes beyond the employee's job description, based on an assessment of the employee's individual performance, the performance of the division or business unit in question and the overall financial performance of FvS; payment of variable remuneration and the amount thereof will be based on merit and be at the discretion of FvS.

Qualitative and quantitative criteria should be taken into account in the determination of variable remuneration. These criteria must ensure that the interests of the employees and/or the company are consistent with the interests of the customer, the business strategy, the objectives and values, the sustainability of the investments and their performance, and the long-term interests of FvS with regard to sustainable positioning and long-term employee retention. The amount of the variable compensation is ultimately determined by the Board on a discretionary basis within the framework of an appropriate assessment.

i. Qualitative criteria

The individual role and the objectives and performance contribution to the company's success are established on an annual basis as a minimum and in collaboration with the employee in question. The following criteria are always taken into account when agreeing objectives and assessing performance:

- Implementation of qualitative objectives (e.g. customer or company projects)
- Embodiment of FvS values
- Consideration of governance and compliance criteria

ii. Quantitative criteria

Specific written agreements that take into account and formalise the particulars of certain departments and/or tasks can be made in separate agreements.

2.3 Ratio between variable and fixed remuneration

Depending on the function and differentiated according to the amount of the fixed salary, an appropriate FvS ratio for variable vs. fixed remuneration is ensured for all FvS employees with a view to avoiding excessive risk assumption. The ratio is appropriate if the employee is not dependent to any significant degree on the variable remuneration but the variable remuneration still provides an effective incentive.

2.4 Special groups of people

a) Remuneration of control functions

The focus of remuneration in control units (compliance, risk management, internal audit) is on fixed remuneration while simultaneously facilitating suitable quantitative and qualitative staffing in the control units. Accordingly, employees in these areas are remunerated in accordance with the extent to which they achieve their objectives, independently of the work undertaken in the areas controlled by them.

b) Remuneration of the members of the Board



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The salaries of Board members are set by the Supervisory Board. The amount of the fixed salary must be in line with the market. The respective annual fixed salary is therefore considered to be a guideline value for the variable component (where variable remuneration is paid). Members of the Board do not participate in Supervisory Board meeting agenda items in which remuneration is determined.

c) Remuneration of the members of the Supervisory Board

The members of the Supervisory Board do not receive variable compensation; they receive a fixed fee for their services and participation (if remuneration is to be paid). Reimbursement for reasonable expenses as deemed necessary by the Supervisory Board member is not considered remuneration and is not covered by this policy.

3 IDENTIFIED EMPLOYEES

The companies of the FvS Group are obligated to identify people who, due to their role and/or responsibilities, could potentially have a significant influence on the risk profile of the respective FvS company or the portfolios, alternative investment funds (AIFs) and UCITS funds it manages. Accordingly, individual employees are determined as being "identified employees" or "risk carriers" pursuant to statutory requirements and in particular on the basis of the ESMA Guidelines on sound remuneration policies.

According to the applicable regulations, the following employee groups, for example, can be considered "identified employees":

- a) Members of the Board
- b) Members of the Supervisory Board
- c) Managers of control units who are directly subordinate to the Board

The groups of identified employees will be reviewed on an ongoing basis and the identified employees themselves will be informed of their status and any effects on their remuneration structure pursuant to the statutory requirements.

The requirements include retention (deferral) of part of the variable compensation for a certain period of time, payment of the variable compensation partly in the form of a cash component and partly in the form of non-cash payment instruments that reflect the portfolios being managed, and a malus and clawback provision. Accordingly, the retained part is subject to a malus check and can be reduced to zero (malus). Under certain circumstances, variable remuneration that has already been paid out can be claimed back (clawback) on the basis of corresponding agreements with the identified employees in question.

4 OTHER PROVISIONS

Severance payments and contractual waiting allowances for the duration of the post-contractual ban on competition are considered variable compensation.

Severance payments are determined by the Board in consultation with the Human Resources department, with the involvement of the control units. Any decision on severance is made pursuant to statutory requirements and takes into account the performance of the employee over time without rewarding negative contributions or misconduct.

