

Information on current remunerations policy

The company has established remunerations systems for its managers and employees. The most important aspects of the philosophy of the remunerations systems are to reward the employees in an appropriate manner at market rates and to set effective performance incentives. Furthermore, the company expressly refrains from setting incentives that encourage the taking of risks which are not consistent with the investment terms of the funds managed by them and which may prevent the company from duly acting in the best interests of the relevant investment fund. The remunerations systems are structured so that they comply with the relevant valid regulatory requirements.

The remunerations systems applied within the company are subdivided as follows:

- 1) remunerations system based on a collective agreement
- 2) remunerations system for non-risk-takers not based on a collective agreement
- 3) remunerations system for risk-takers not based on a collective agreement

In addition, the Company grants miscellaneous allowances in the form of further payments customary on the market, such as meal allowances, employer contributions to savings schemes and the corporate pension scheme

Regarding 1) collective agreement system:

The remunerations system is geared to the collective agreement for public and private banks. The annual salary of the collective agreement employees is made up as follows:

- basic salary (split into twelve monthly instalments)
- collective agreement and voluntary special payments

Regarding 2) remuneration system for non-risk-takers not based on a collective agreement:

The remunerations system not based on a collective agreement consists of the following remuneration components:

- basic salary (split into twelve monthly instalments)
- short-term variable remunerations components (depending on the individual performance of the employee and the company's profits)

long-term variable remunerations components for managerial staff, depending on specific key corporate indicators for a period of three years

Regarding 3) remuneration system for risk-takers not based on a collective agreement: The basic salary for risk-takers is paid in twelve equal instalments. In addition to the basic salary, risk-takers will in future receive variable remuneration under the “risk-taker model”.

The basis for the calculation of the risk-taker model is a target bonus for risk-takers which is reset each year. This is multiplied by the target achievement rate. The target achievement rate is based on several years’ key indicators, which include the overall results of the Union Investment Group (UIG), plus the segmental results of UIG and the personal performance of the risk-taker.

The risk-taker model is measured over several previous years and the payment of the variable remuneration is deferred over a minimum of three years. Some of this deferred payment is performance-related as measured by the company results. The aim of the remuneration model is to reduce the risk proclivity of the risk-taker by including long periods both in the past and in the future to the measurement or payment.

Therefore, the overall remuneration of risk-takers consists of the basic salary and the variable remuneration.

Remunerations committee

The Union Investment Group’s company-wide remunerations committee meets at least once a year to analyse, establish transparency and check the remunerations and incentive systems of the Union Investment Group. The remunerations committee of the Union Investment Group meets the requirements of the current regulations in force.

The members of the remunerations committee include:

- the Chair of the Board of Management of Union Asset Management Holding AG
- a managing director from UIG's German and Luxembourg companies
- Head of Group Personnel
- the Head of Auditing
- the Head of Compliance
- the Head of Investment Analysis Controlling
- the Head of Personnel Controlling & Compensation

The remunerations committee is appointed annually by the supervisory boards of the individual companies to audit their respective remunerations systems. The contents of the audit of the remunerations committee are primarily:

- presentation of the remunerations components
- market comparisons of salaries - horizontal fairness
- vertical fairness of the remunerations system
- portions of the fixed and variable remunerations components (independence audit)
- target-to-performance income rates
- guidelines on the remuneration of strategic targets