

Remuneration policy

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Approved by	Board of Directors of Swisscanto Asset Management International S.A.

The following document is designed to formally set out the remuneration policy (hereafter the "Policy") of Swisscanto Asset Management International S.A. (hereinafter "SAMI") as required by the Luxembourg laws of 17 December 2010 relating to undertakings for collective investment, as amended (hereinafter the "2010 Law") and of 12 July 2013 relating to alternative investment fund managers (hereinafter the "AIFM Law") (together the "Luxembourg Laws"), as well as the ESMA guidelines on sound remuneration policies taking account of the AIFMD (hereinafter the "Guidelines"). SAMI is a management company in accordance with chapter 15 of the 2010 Law and an alternative investment manager within the meaning of the AIFM Law. It currently maintains two branches – in Frankfurt am Main (Germany) and Milan (Italy).

This Policy covers all identified staff and staff who exercise a control function at SAMI within the meaning of the Luxembourg Laws and the Guidelines regardless of the business area, grade and activities.

1. General provisions

1.1 Preliminary information

The Policy is aligned with the policies and standards of the Zürcher Kantonalbank Group, which SAMI is part of (hereinafter the "Group"). The Policy has been approved by the Board of Directors of SAMI, which is responsible for regularly reviewing the policy and remuneration practices and ensures that any follow-up actions resulting from the review are taken.

It complies with the specific legal requirements of the European Union and the Grand Duchy of Luxembourg, and is reviewed at least annually.

1.2 Principles

SAMI has a performance management system. It is an important tool for staff management and development. During continuous staff appraisal, all employees are evaluated with regard to general conduct, target attainment and completion of their tasks. This important process is optimised on an ongoing basis and consistently applied.

The remuneration of employees is determined in accordance with the remuneration principles (ref. point 3). It consists in principle of both a fixed amount and a variable element.

1.3 Addressing sustainability risks

SAMI is aware of the importance of sustainability as well as environmental, social and governance (ESG) factors in relation to the management of investment risks and for long-term value creation. The remuneration policy is therefore designed to address sustainability risks with the aim of fostering responsible, sustainable action on the part of employees.

1.4 Integrating sustainability goals

The remuneration policy is based on the sustainability goals of SAMI and the Group as a whole. It aims to reflect the integration of ESG factors into the general business strategy as well as the long-term interests of investors, the funds, SAMI and the Group.

2. Scope of the Policy

2.1 Scope of the Policy

The Policy applies to Swisscanto Asset Management International S.A. in Luxembourg and its branches.

2.2 Identified staff

In line with the interpretation of the provisions of the Luxembourg Laws and the Guidelines and subject to any future changes of the applicable laws, regulations and/or guidance, SAMI considers as identified staff individuals whose professional activities can have a material impact on the risk profiles of SAMI and the funds it manages. That includes staff who exercise a control function, members of the Executive Board and other risk bearers who are able to conclude contracts and make decisions that may have a material impact on SAMI or the funds it manages.

Staff who exercise a control function are employees (besides managers) who are responsible for risk management and compliance at SAMI.

2.3 Identified staff and sustainability risks

The identified staff include not only persons whose professional occupation may have a material influence on the risk profiles of SAMI and the funds it manages but also staff who are responsible for the assessment and management of sustainability risks. This includes functions that are involved with ESG research, sustainable investment strategies and other associated tasks.

3. Remuneration principles

The principles governing total remuneration take into account factors with long-term significance, such as rewarding success and performance, sustainable profitability, sound risk and capital management, first-class customer service, teamwork and compliance with corporate governance guidelines. They are designed to prevent conflicts of interests.

SAMI attaches great importance to ensuring that the remuneration policy reconciles the business strategy, targets, values and interests of employees with the interests of investors, the funds, SAMI and the Group.

3.1 Remuneration components

SAMI has a remuneration package consisting of (i) the base annual salary, (ii) fringe benefits and (iii) discretionary performance-based variable remuneration.

Base salary

The base salary is set by SAMI according to the specific position and market level of such position and depending on the local market situation. Market salary level surveys are considered to ensure that at the time of recruitment SAMI is paying the fair and reasonable market rate according to the size of the business, the importance and responsibilities of as well as the specialised qualifications and skills necessary for the position.

Fringe benefits

The range of fringe benefits potentially available to employees depends on the applicable country specific labour law provisions. These non-discretionary benefits may for example be composed of supplementary pension schemes, additional health insurance and luncheon vouchers.

Discretionary performance-based variable remuneration

The consolidated profit constitutes the basis for the variable remuneration pool of SAMI which may be allocated to all employees with a permanent employment contract. The allocation of the variable remuneration of all employees of SAMI is determined by the Chairman of the Board of Directors.

The variable element of remuneration is established to compensate strong employee performance and contribution to long-term sustainable success of SAMI and the funds under management. For employees who exercise a control function, variable remuneration is primarily based on function-specific objectives and is independent of performance criteria at SAMI level.

Variable remuneration may be paid in full or in part in the form of profit-sharing as defined in the Luxembourg Income Tax Law.

As the fixed component represents a sufficiently high proportion of the total remuneration, it enables SAMI to operate a fully flexible policy in relation to variable remuneration that includes the possibility of paying out no variable remuneration at all.

3.2 Performance of the individual employee

Performance at an individual level is measured by means of the performance management process described below in order to:

- promote alignment of individual employee efforts with the mission, principles and goals of SAMI;
- provide the feedback necessary for employee growth and development; and
- improve the ability to assess and recognise performance.

Through the performance management process it is ensured that the employees have their performance constantly assessed regardless of their function. The process consists of the following key elements:

- assessment of a combination of individual or Group objectives, the performance of the funds under management, and the overall results of SAMI, taking into account financial and non-financial criteria;
- assessment in a multi-year framework in order to ensure that the assessment process is based on (i) the longer-term performance of the funds under management and SAMI, and (ii) the interests of the investors;
- agreement on objectives for the individual development; and
- regular reviews of the strategic orientation.

Individual performance, as measured through the performance management process, is used to differentially reward high performers either financially and/or by giving the employee more challenging tasks. Financially, there is a relation between performance and pay.

The measurements for the individual performance used to determine the variable remuneration encourage responsible action and integrate the current and futures risks in order to avoid excessive risk-taking.

The variable remuneration allocation policy of SAMI is fully discretionary and is based on the performance of the Group, SAMI and the funds the latter manages as well as on the performance and added value contribution of the individual.

3.3 Guaranteed variable remuneration

Guaranteed payments will only be used in exceptional circumstances and only when hiring new staff. Guaranteed payment will be limited to the first year of employment.

Payments related to the termination of a contract, which are awarded on a contractual basis, are designed in a way that corresponds to the employee's effective performances during the employment period, that does not reward failure and are subject to strict internal review and governance.

3.4 Long-term sustainable success

The variable remuneration pool has been set up with the objective of ensuring long-term sustainable success. That includes taking into account the financial performance of the Group,

SAMI and the managed funds as well as the sustainability performance of SAMI in terms of attaining its ESG objectives.

By addressing sustainability risks in the remuneration policy, SAMI aims to reconcile incentives for employees with sustainable practices and foster environmentally responsible action that mitigates sustainability risks and supports long-term value creation.

3.5 Withholding of variable remuneration

In cases where the criteria for the allocation of a variable remuneration are not met by the individual concerned, or where the financial situation of SAMI deteriorates, SAMI may withhold the variable remuneration component, whether in whole or in part.

3.6 Claw Back ex post adjustments

SAMI reserves the right to demand full or partial repayment from the individual who has received variable remuneration under the following non-exhaustive conditions:

- evidence of gross misconduct or serious breach of duty by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risks);
- fraudulent conduct of the staff member; and
- misleading information by the staff member.

3.7 Clawback provisions for sustainability breaches

In cases where gross misconduct or a serious breach of duty by the staff member in connection with sustainability aspects can be proven, e.g. breach of code of conduct, failure to comply with ESG guidelines or misleading sustainability information, SAMI reserves the right to enforce clawback provisions in order to recover the variable remuneration previously granted.