

# Remuneration policy of Union Investment Luxembourg S.A.

The Board of Directors of Union Investment Luxembourg S.A. has adopted a remuneration policy that is consistent with and conducive to robust and effective risk management. It neither encourages the taking of risks that are inconsistent with the risk profiles, contractual conditions or Articles of Association of the special funds administered by them, nor hinders them from acting in the best interests of the special funds administered by them in accordance with their duties. The remuneration policy and practice includes fixed and variable components of salaries and voluntary pension benefits.

It applies to those categories of employees, including management, risk carriers, employees with controlling functions and employees, who, due to their total remuneration are in the same income bracket as management and risk carriers, whose duties have a significant influence on the risk profile of the company or the special funds administered by it.

The following principles are applied in such a way and to such an extent that is appropriate to the size, internal organisation and type, scope and complexity of Union Investment Luxembourg S.A. transactions:

The remuneration policy of Union Investment Luxembourg S.A. is consistent with and conducive to robust and effective risk management and does not encourage the taking of risks that are inconsistent with the risk profiles, contractual conditions or Articles of Association of the special funds administered by them.

It is in accordance with the business strategy, goals, values and interests of Union Investment Luxembourg S.A. and the spe-

cial funds managed by it and the investors in such special funds, and includes measures designed to avoid conflicts of interest.

The remuneration policy was decided upon by the Board of Directors as part of its supervisory function. The Board of Directors determines the general principles of the remuneration policy, reviews it at least once annually and is responsible for its implementation and for monitoring in this area.

A central and independent internal review will be conducted at least once annually to determine whether the remuneration policy is being implemented in accordance with the remuneration provisions and procedures laid down by the Board of Directors. Employees with controlling functions will be remunerated in line with the extent to which they have reached the goals associated with their duties, and independently of the performance of the business areas controlled by them.

For performance-related remuneration, total remuneration is based on an evaluation and the performance of the employee in question and his/her department and the relevant special fund and its risks, as well as the overall result achieved by Union Investment Luxembourg S.A. Financial and non-financial criteria shall be taken into account when evaluating individual performance.

Performance is evaluated on a multi-annual basis, and the holding period recommended by Union Investment Luxembourg S.A. to the investors in the special fund is sufficient to guarantee that the evaluation is focused on the longer-term performance of the special fund and its investment ris-

ks, and the actual payment of performance-related remuneration components is spread over the same period of time.

A guaranteed variable remuneration will be paid only on an exceptional basis when recruiting new staff and is limited to the first year of employment.

The fixed and variable components of the total remuneration are appropriately balanced, whereby the proportion of the fixed component of the total remuneration is high enough to provide complete flexibility with regard to the variable remuneration components, including the possibility of waiving the payment of a variable component.

Payments connected to the premature ending of a contract reflect success achieved over time and are structured so as not to reward failure. The performance measurement, on the basis of which variable remuneration components or pools thereof are calculated, includes a comprehensive adjustment mechanism for all kinds of current and future risks.

Depending on the legal structure of the special fund and its Articles of Association or its contractual conditions, a significant proportion of at least 50 percent of the variable remuneration components consists of shares in the relevant special fund, equivalent holdings or shares in linked instruments or equivalent non-cash instruments with incentives that have the same effect as any of the named instruments. The minimum value of 50 percent does not apply if special funds make up less than 50 percent of the total portfolio administered by the management company.

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There is an appropriate deferment policy for these instruments, which is based on adjusting the incentives in line with the interests of Union Investment Luxembourg S.A. and the special funds administered by it, as well as the interests of investors. This applies to both the proportion of variable remuneration components that is deferred and to the proportion of non-deferred variable remuneration components.

A significant proportion of at least 40 percent of the variable remuneration components are deferred over a time period that is appropriate and correctly aligned with the type of risks of this special fund, with regard to the holding period that was recommended to the investors in the relevant special fund.

This period is a minimum of three years. The remuneration to be paid within the framework of the provisions on the accruals of remuneration payments will not be earned more quickly than on a pro rata basis. If the variable components account for a particularly large sum, the payment of at least 60 percent of the amount will be deferred. The variable remuneration, including the deferred proportion, will only then be paid out or earned if it is sustainable overall with regard to the financial situation of Union Investment Luxembourg S.A. and justified as regards the performance of the relevant business department, the special fund and the relevant individual.

A weak or negative financial result for Union Investment Luxembourg S.A. or the relevant special fund will generally lead to a significant reduction in the total variable remuneration, whereby both current compensation and reductions for payments of

previously earned amounts, including through extra premium or recovery agreements, are taken into account.

The pension provisions are in accordance with the business strategy, goals, values and long-term interests of Union Investment Luxembourg S.A. and the special fund administered by it.

If the employee leaves the company before entering retirement, voluntary pension benefits will be retained by Union Investment Luxembourg S.A. for five years in the form of the previously named instruments. If an employee enters retirement, his/her voluntary pension benefits will be paid out after a five-year waiting period in the form of the aforementioned instruments.

Employees undertake not to employ any personal hedging strategies or take out any remuneration and liability-related insurance policies in order to offset the risk-oriented effects of their remuneration provisions. The variable remuneration will not be paid in the form of instruments or procedures that facilitate the bypassing of the requirements of this guideline.

You can request the remuneration report of Union Investment Luxembourg S.A. in paper form free of charge from the management, Ms Maria Löwenbrück, 308, route d'Esch, L-1471 Luxembourg.