

# Summary of Remuneration Policy of Vontobel Asset Management S.A.

Status: December 2017

## 1. Applicable rules and scope of the policy

The remuneration policy of Vontobel Asset Management S.A. ("VAMSA") follows the UCITS, AIFMD and MiFID regulation due to the scope and complexity of its business activities.

Hereby, for UCITS and AIFMD law the proportionality principle applies on the level of relevant employees (in terms of above mentioned regulations).

The VAMSA's remuneration policy is applicable to all employees of the company (including its branches).

## 2. Delegation

VAMSA has delegated its (collective) portfolio management activity to several entities within and outside EU. Therefore, VAMSA ensures that the entities to which portfolio management activity has been delegated are subject to regulatory requirements on remuneration that are equally as effective as those under the UCITS and AIFM regulations.

## 3. Structure and instruments of employees remuneration

The Vontobel Group's compensation system is structured in such a way that the interests of all stakeholders are closely aligned and is designed to motivate employees at all levels of the company to achieve shared and individual objectives. VAMSA's policy is designed in such a way so as not to create a conflict of interest or incentive which may lead relevant persons to favour their own interests on VAMSA's interests to the potential detriment of a client.

The structure of employee remuneration at VAMSA is based on a division of global compensation into fixed and variable components of remuneration. The fixed component comprises of the base pay which is a non-deferred cash compensation; the variable component includes monetary (cash bonus) and non-monetary (Vontobel shares, ) elements. The compensation of non-monetary element of the variable remuneration component compensation is deferred for 3 years at risk. The variable remuneration is based on the performance of the Vontobel Group, the relevant business unit's share in the overall results and on individual's results.

The principle of the variable remuneration are as follows:

- Strong performance and contribution to long-term financial success;
- No guaranteed entitlement to variable compensation;
- Appropriate balance between fixed and variable remuneration components;
- Significant part of variable compensation in shares instead of cash
- Blocking period of bonus shares (deferred payment)
- Long-term Compensation - Reward for long-term risk-adjusted performance
- Actions to be taken in case of fraudulent activity

#### **4. Performance measurement**

The variable remuneration is based on an annual performance measurement process which is determined by the collective performance of Vontobel Group, the relevant business unit's share in the overall results as well as by the individual performance of the employee.

The measurement of the individual performance of the employee is determined by a "Performance Management Process". This process consist of:

- business objectives (set based on quantitative and qualitative objectives)
- behavioural competencies (derived from the corporate strategy and core capabilities and defined by group executive committee)
- compliance objective.

VAMSA does not remunerate or assess the performance of its employees in a way that conflicts with its duty to act in the best interest of its clients. In particular, it shall not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to its staff to recommend a particular financial instrument to a retail client when VAMSA could offer a different financial instrument which could better meet that client's needs.

### **Remuneration procedure / Governance**

The Board of Directors of the Vontobel Group has appointed a Nomination and Compensation Committee to define to the Board a proposal on a bonus pool. The Board of Directors of the Vontobel Group reaches a decision on the annual bonus pool.

The Board of Directors of VAMSA takes responsibility for establishing, documenting and communicating to the authorised management the general principles and objectives of the remuneration policy. The Board recognises its responsibilities and duties as regards the implementation of the Remuneration Policy of Vontobel Group and supports its functional organisation.

In absence of local remuneration committee, the Board approves the remuneration of the Conducting Officers of VAMSA as well as the heads of control functions.

On an annual basis, VAMSA's Board of Directors approves the variable remuneration performed at VAMSA. In case of any changes, the Board of Directors of VAMSA approves the changes in the remuneration policy of VAMSA and its due application.

VAMSA management assumes responsibility for the day-to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy. The management is responsible for making the remuneration policy available to staff members and to inform the board on the due application of the policy.

Compliance at VAMSA is responsible for ensuring that the processes and employees within VAMSA are following both legal requirements and group regulations regarding remuneration principles prescribed by UCITS, AIFMD and MiFID.

At least on an annual basis, the VAMSA's internal audit reports to the VAMSA's Board of Directors on the appropriate application of the Remuneration policy (by ensuring that the rules and principles of remuneration have been duly applied, the agreed processes are followed and actions taken duly documented).

### Compliance function remuneration system

In order to ensure that the required compliance function can act independently, the method of determining the remuneration of the relevant persons, who are involved in the compliance function, does not compromise their objectivity and is not likely to do so due to the following reasons:

- The relevant persons engaged in compliance function are independent from the business unit they oversee;
- The variable remuneration of relevant persons involved in the compliance function is independent from the performance of the business area they control.

External publication of VAMSA's policy follows legal requirements (e.g. in the annual report of the managed AIF).

Internal publication: The employees are regularly informed about their remuneration, criteria used to measure performance and the link between performance and pay.

The remuneration policy is subject to a periodic review.