



FIMARGE

your independent wealth managers



REMUNERATION POLICY

June - 2019

Disclaimer: This is an unofficial translation and is provided for information purposes only. In the event of any discrepancy, the Catalan version shall prevail.



INDEX

1. SUBJECT MATTER AND SCOPE	3
2. APPLICABLE LAW	3
3. GENERAL PRINCIPLES GOVERNING THE REMUNERATION POLICY	3
4. OVERALL REMUNERATION SYSTEM	4
4.1. Fixed remuneration.....	4
4.2. Variable remuneration.....	4
4.3. Social benefits.....	5
5. CONTROL AND SUPERVISION OF THE POLICY	6
6. APPROVAL AND REVISION OF THE POLICY	6



1. SUBJECT MATTER AND SCOPE

By the very nature of its business, Fimarge Societat Financera d'Inversió, SA (hereinafter, "FIMARGE" or the "Entity"), considers that its professionals are essential element for achieving of its objectives, hence, the remuneration policy is a significant element in motivating and retaining talent.

It is also an essential management tool to align the objectives of the team members with those of the Entity and adapt the risks assumed with those objectives, the business strategy, the objectives, ethical values, and interest of the latter.

The Board of Directors recognizes the importance of aligning the remuneration of its members, directors and staff with the business strategy, tolerance of risk and the interests of both the Entity and all its clients by incentivizing sound and effective risk management, based on the fundamental analysis of companies without resorting to leverage or using derivative financial instruments that contain the assumption of high risks.

FIMARGE is required to have a remuneration policy for all personnel that is consistent with and promotes sound and effective risk management and does not encourage risk-taking that are incompatible with risk profiles. This Policy (the "*Remuneration Policy*", the "*Compensation Policy*" or the "*Policy*") establishes the bases for the remuneration policies and practices of all the Entity's professionals, particularly, those staff whose professional activities have a material impact on the risk profile of FIMARGE ("*Identified Staff*").

The Entity, after a comprehensive assessment of the role and responsibilities of the existing jobs in its structure, has determined that the Affected Subjects by this Policy (hereinafter "*Identified Staff*"), are made up of the following professional categories:

- Senior management and members of the Board of Directors of the Entity.
- Staff in charge of and involved in investment management, administration, marketing, and HR.
- Staff engaged in control functions.

The principles and objectives of FIMARGE's Remuneration Policy are as follows:

- Reinforce the strategic objectives of the business and promote an effective risk management.
- Promote recruitment, retainment, and commitment of employees.
- Promote the professional development of each employee.
- Promote team spirit.
- Seek to bring the overall level of remuneration above the comparable environment.
- Avoid any type of direct or indirect gender-based discrimination.
- Ensure that each employee is accountable for results obtained, the quality of activities performed, and the risk taken and is rewarded according to its contribution to the short-, medium-, and long-term objectives of the Entity.

2. APPLICABLE LAW



This Policy is adapted to the applicable legislations, regulations, and directives currently in force relating to the regulatory scope of remuneration for financial institutions.

3. GENERAL PRINCIPLES GOVERNING THE REMUNERATION POLICY

The general principles governing the Remuneration Policy of Fimarge are as follows:

- **Diversity of components:** The total remuneration is made up of a set of instruments that over its content (monetary and non-monetary), security (fixed and variable), time horizon and objectives allow the remuneration to be adjusted to the needs of the Entity and its professionals.
- **Sound and effective risk management:** The Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that are incompatible with risk profiles, the regulations of the Funds or statutes of the UCITS that it manages.
- **Alignment with long-term interests:** The Remuneration Policy is in line with the business strategy.
- **Appropriate ratio between the fixed and variable components:** The fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, to such an extent that the fixed remuneration is equal to or greater than the employee can obtain in a comparable environment, so it is possible not to pay any variable remuneration component.
- **Flexibility and transparency:** The principles and conditions of the Remuneration Policy for each group and category are explicit and known to the Entity's professionals, always prevailing transparency in terms of remuneration.
- **Supervision and effectiveness:** The Entity's management body in its supervisory function adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for overseeing its implementation to ensure it is fully operational as intended.
- **Independence and avoidance of conflicts of interests:** Staff engaged in control functions have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- **Internal and external equity:** The Remuneration Policy rewards the degree of responsibility and career path of the Entity's employees and ensures internal equity and external competitiveness. Thus, the remuneration is in line with the best market practices ensuring that the overall remuneration and its structure are competitive to promote talent attraction and retention.

4. OVERALL REMUNERATION SYSTEM

The remuneration system for the Entity's professionals consists of fixed and variable components that based on professional category, role, responsibility, and performance. Periodically, the Entity proceeds to review its overall remuneration positioning against a comparable environment, considering the specific characteristics of its activity, size, and the conditions of the market in which it operates.

4.1. Fixed remuneration

The objective of the Fixed Remuneration is to reward staff according to tasks, professional experience, responsibility, and performance. The ratio of fixed



remuneration over the total remuneration is sufficiently high to ensure the possibility to eliminate variable remuneration.

The Entity establishes the fixed remuneration based on criteria of internal equity and external competitiveness in the market. The Entity assigns each staff a certain degree of remuneration within this position in line with the degree of education, responsibility, expertise, experience, and professional category as well as the situation of the Entity. The Entity annually reviews the fixed remuneration degree of each category.

The parameters to determine fixed remuneration increment include, amongst others, performance assessment, responsibility degree, experience level, educational degree, productivity, potential, consumer price index, and the Entity's outlook.

4.2. Variable remuneration

Variable Remuneration is understood as those additional payments and benefits based on the performance or other objectives established by the Entity. The Entity's variable remuneration includes both the annual variable remuneration and the multi-year variable remuneration that, if applicable, the Entity may grant.

Through variable remuneration, the Entity establishes for its professionals the possibility of receiving a certain variable amount, provided they meet specific conditions, according to the degree of objectives' achievement and to the corresponding settlement mechanisms.

The variable remuneration reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

An appropriate level of the ratio between the fixed and variable remuneration is established.

The objectives, weightings, and the minimum degree of compliance to which the variable remuneration is linked are communicated annually to the workers and managers.

Under no circumstances, the variable remuneration is consolidable. Therefore, its payment in a given year does not imply the acquisition of any additional salary rights by the worker or manager. The amount received is not consolidated as part of the gross annual salary.

The variable remuneration is paid only if it is sustainable to the financial situation of the Entity and can be subdued if the financial performance is mediocre or negative.

The variable remuneration of the Entity consists of two components:

- A corporate variable remuneration, on an individual basis, that is linked to the profit of the Entity (Profit sharing). The payment of the variable elements of the remuneration is subject to the accomplishment of predetermined objectives and is neither guaranteed nor consolidable in nature. The objectives of the variable remuneration can be linked on a corporate and on an individual basis. Likewise, the Entity ensures that an adequate combination of financial and non-financial, quantitative and qualitative objectives is established and can be reviewed annually and communicated at the beginning of the year.
- Certain areas that the Entity considers of vital importance by their nature, may have an annual variable remuneration based on the objectives assigned jointly to the business unit or to a particular professional ("Annual Variable Remuneration or AVR").

Notwithstanding the foregoing, in accordance with this Policy, the Entity may:



- Annually review the nature, characteristics, composition, and conditions of the variable elements of remuneration.
- Exceptionally apply to newly hired employees, a 'sign-on bonus' or an 'incorporation premium', to be paid in a single payment within six (6) months from the date of incorporation.
- Establish variable elements in the medium- or long-term but continually linked to the achievement of objectives, business strategy and interests of the Entity.
- Apply any other element of variable remuneration with respect to the principles of the Policy and the requirements of the applicable regulations.

In general, in order to receive variable remuneration, the employee must have worked at least six (6) consecutive months in the calendar year and remain with the Entity for a week following December 31 of the fiscal year.

4.3. Social benefits

The Entity complements the compensation package for its professionals with corporate benefits, which include amongst others:

- Collective supplemental health insurance
- Flexible work schedule
- 50% allowance for gym membership
- Transportation allowance
- The Entity has made available an employee savings plan which the Entity matches the employee's contribution up to a 5% of the employee's fixed salary.
- An establishment of either supplemental or substitution of the gross remuneration (i.e., flexible remuneration System) in the future.

5. CONTROL AND SUPERVISION OF THE POLICY

The Board of Directors of the Entity is responsible for establishing a control and supervision system for the specific requirements of the Remuneration Policy applicable to Identified Staff to ensure compliance and effective implementation of the prevailing provision in this Policy. Annually, a central and independent internal review of the implementation of the Remuneration Policy of the Identified Staff is conducted.

The Board of Directors of the Entity in its supervisory function sets the general principles of the Remuneration Policy, reviews them at least annually and ensures their implementation. In this regard, the following functions are assigned:

- Approval of the remuneration proposals that are presented in accordance with the Policy.
- Determination and identification those staff whose activities should be considered as Affected Subjects.
- Authorization of guaranteed variable remuneration cases.
- Annual examination of the internal review reports of the Policy.
- Any other function that derives from its powers.

This Policy is periodically reviewed, updated, and in accordance with the standard practice. The Board of Directors is ultimately responsible for approving any proposed updates of the Policy.



The Compliance Function has collaborated drafting the Remuneration Policy and reviewed its existence and conducted the following examination thoroughly:

- That such policy exists and that it is formally approved by the Entity's Board of Directors.
- That the Remuneration Policy considers the principles and meets the objectives described in this document and particularly there is:
 - o Internal communication and transparency: Verification that the remuneration model is conveyed to the staff precisely and comprehensively and components of each individualized and personalized remuneration package is communicated on an individual basis.
 - o Equity: Verification that the professional role (administrative, technical, manager, director, etc...) is taken into consideration without prejudice to the performance assessment and the degree of responsibility.
 - o Market competitiveness: Verification that the Remuneration Policy is set with consideration of the applicable collective agreement, the social context of each job position, and the specific market situation.
 - o Avoidance of conflicts of interests: Verification that the fixed and variable elements as well as the qualitative and quantitative components of the Compensation Package are in line with the interest of employees, clients, portfolios under management and medium- and long-term business strategy.
- That the Policy sets the remuneration items that must be considered when determining the salary. This assessment is conducted at least annually.

Furthermore, the Compliance Function advises the senior management when updating this Remuneration Policy.

6. APPROVAL AND REVISION OF THE POLICY

The Policy has been approved by the Entity's Board of Directors and any subsequent modifications will require its approval.

The Policy must be amended, at least, when there are regulatory changes affecting the criteria established in the Policy provided that the amendment is considered necessary by both Board of Directors and Compliance function.

Fimarge, Societat Financera d'Inversió, SA
Bonaventura Armengol 10, Bloc 1, Pl. 5
AD500 Andorra la Vella - Principat d'Andorra
+376 805 100 - www.fimarge.com
fimarge@fimarge.com



