



HAITONG

Policy no. HGAM01.P01

**Remuneration Policy
of
Haitong Global Asset Management, SGOIC, S.A.**

Approved by the Shareholder
on 24/02/2023

TABLE OF CONTENTS

1. OBJECTIVE.....	3
2. RECIPIENTS	3
3. RESPONSIBILITY, EVALUATION AND INSPECTION.....	3
4. DISCLOSURE.....	4
5. REGULATORY REQUIREMENTS.....	4
6. COMPOSITION OF REMUNERATION.....	5
6.1. FIXED REMUNERATION.....	5
6.2. VARIABLE REMUNERATION	6
7. RULES FOR DEFERRING PAYMENT OF VARIABLE REMUNERATION.....	8
8. REVOCATION OF DEFERRED COMPONENTS	8
8.1. OVERVIEW.....	8
8.2. REVOCATION ON EMPLOYEE’S OWN INITIATIVE.....	9
8.3. REVOCATION DUE TO OTHER REASONS	9
9. CONFLICT OF INTERESTS	10
10. ARCHIVE	10
11. ENFORCEMENT	10
12. CONTROL OF VERSIONS	10

1. OBJECTIVE

- a. The Remuneration Policy (“Policy”) of Haitong Global Asset Management, SGOIC, S.A. (“HGAM”) is aimed to attract and retain the best talents by establishing a competitive, transparent and compliant remuneration framework;
- b. This Remuneration Policy establishes the principles for determining the remuneration of identified employees, that is, employees whose professional activities have a material impact on the risk profile of the Management Company, in accordance with the criteria defined in Delegated Regulation (EU) no. 604/2014 of the Commission of 4 March 2014, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and with the General Framework for Collective Investment Undertakings (approved by Law no. 16/2015, of 24 February, as amended by Decree-Law no. 31/2022, of 6 May, inclusively (“RGOIC”)).

2. RECIPIENTS

- a. The dimension of scope in this Policy covers two aspects. The first aspect is to apply rules to the following groups of staff and Corporate Bodies:
 - i. All employees of HGAM;
 - ii. The employees whose professional activities have a material impact on HGAM’s risk profile (“Identified Staff”), as defined by the Commission Delegated Regulation (EU) 2021/923 of 25 March 2021, including the staff members or categories of staff responsible for Control Functions and members of senior management;
 - iii. The members of the Corporate Bodies.
- b. The second aspect covered by this Policy is to provide the guidance and limits to govern the behaviours and practices in relation to remuneration, including staff individual agreements;

3. RESPONSIBILITY, EVALUATION AND INSPECTION

- a. This Policy will be reviewed annually and approved by the General Meeting.
- b. HGAM’s Supervisory Board shall inspect and review, at least annually, the general principles of this Policy and shall remain responsible for the Policy’s implementation.
- c. The Supervisory Board is also responsible for submitting the proposal for approval of the General Meeting in accordance with subparagraph a. above.
- d. The implementation of this Policy shall be subject to a centralized and independent internal review, at least on a yearly basis, with the objective of verifying the compliance with the policies and remuneration procedures adopted by the Supervisory Board.

- e. The centralized and independent internal analysis, at least on a yearly basis, referred to in subparagraph d), no. 1, of Annex I of RGOIC, will be carried out by the Supervisory Board, and it will verify the compliance with policies and remuneration procedures that were adopted.
- f. In order to carry out the independent analysis provided for in the previous subparagraph, the Supervisory Board may engage external consultants and may require the active participation of those responsible for the Control Functions.
- g. The Supervisory Board must prepare a report with the results of such evaluation, which must, in particular, identify the necessary measures to correct any deficiencies detected.
- h. Performance evaluations must be carried out in a multi-annual plan that shall be appropriate with the duration of the collective investment undertakings, ensuring that the evaluation process is based on long-term performance and that the payment of remuneration dependent on such performance is spread over a time period that takes into account the reimbursement policy of the collective investment undertakings and the respective investment risks.

4. DISCLOSURE

- a. This Policy is available on HGAM's intranet and corporate website;
- b. In case any changes are approved to this Policy, the Compliance Department shall inform all HGAM's staff and Corporate Bodies by e-mail within 30 (thirty) days from the approval date of such changes and requests the upload of the most updated versions of the Policy on HGAM's intranet and corporate website.

5. REGULATORY REQUIREMENTS

This Policy considers HGAM's dimension, organization, scope and complexity of its activities, while complying with the following requirements:

- i. To promote and be consistent with sound and prudent risk management practices;
- ii. To ensure that the variable component of remuneration does not limit the ability of HGAM to strengthen its capital base;
- iii. To be aligned with HGAM's business strategy, its long-term objectives, values and interests, including environmental, social and governance (ESG) risk-related objectives;
- iv. To be transparent on disclosing information under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, and Regulation (EU) 2022/1288, specifically, that HGAM does not consider adverse impacts of investment decisions on sustainability factors due to its dimension, organisation, scope and complexity of activities, and by the fact that products categorised as "*green products*" are currently not being offered to clients or potential clients;

- v. To provide for the independence of Control Function employees in relation to the structure units they oversee. The independence requirement aims at ensuring that their remuneration, which is overseen directly by the Supervisory Board, is determined independently from the performance of the business units they control and is based on the objectives linked solely to their functions;
- vi. To clearly differentiate the criteria between setting the fixed component of remuneration and defining the variable component of remuneration;
- vii. To ensure that individual remuneration practices, including individual staff agreements, are set in a way that prevents the occurrence of conflicts of interest;
- viii. To implement a gender-neutral remuneration policy, i.e. staff, independent of their gender, should be equally remunerated for equal work or work of equal value;
- ix. To ensure that any employee or *Identified Staff* holding executive offices in the management body of subsidiaries may be compensated by these subsidiaries, but the overall compensation structure and amount must be set according to the rules expressed in this Policy;
- x. To discourage and not tolerate any practice of tax evasion or behaviours towards circumvention of tax obligations.

6. COMPOSITION OF REMUNERATION

- a. The remuneration of HGAM's employees includes two components: fixed remuneration and variable remuneration. Fixed remuneration corresponds to fixed compensation paid regularly to employees during each year for their services;
- b. The fixed remuneration budget should be incorporated within HGAM's annual budget process. The total expenditure on fixed remuneration should not exceed the approved budget unless there is legitimate approval. The variable remuneration depends on the sustainable and risk-adjusted performance of HGAM in the appraised year.

6.1. Fixed Remuneration

6.1.1 Overview

- a. Fixed remuneration is typically determined by the professional category of the employees, the employees' experience and the local market salary practices for identical positions in similar financial institutions.

6.1.2 Rules

<p>All employees and <i>Identified Staff</i></p>	<ol style="list-style-type: none"> 1. The fixed remuneration shall comprise of the regular salary plus other allowances that might be awarded to employees of HGAM, according to local labour rules and not based on performance 2. The fixed component of remuneration should be sufficient to allow that the quality of the work provided by staff is not reliant on the attribution of variable remuneration 3. Salary revisions will be proposed by the Supervisory Board of HGAM and approved by means of a resolution of the shareholders' General Meeting or via a unanimous written resolution in the general terms set forth in the law
<p>Members of the Corporate Bodies</p>	<ol style="list-style-type: none"> 1. Members of the Corporate Bodies shall earn a fixed annual salary. This remuneration will be established at the beginning of the mandate by means of a resolution of the shareholders' General Meeting or via a unanimous written resolution in the general terms set forth in the law

6.2. Variable Remuneration

6.2.1 Overview

- a. Variable remuneration is seen as an important tool for retaining talents, incentivising performance and fostering the long term sustainability of HGAM;
- b. Variable remuneration is based on a combination of the assessment of the performance of the individual, and of the business unit concerned, considering also financial and non-financial aspects, as well as the overall results of HGAM on a given year;
- c. In the event of dismissal or early termination of duties of Corporate Bodies members or other staff members, no indemnities or severance payments will be made, except in situations provided for by law. In this case, these payments will be subject to the same rules of variable remuneration, in particular a deferral period, *malus* and *clawback* arrangements as referred in Section 8 of this Policy.

6.2.2 Rules

<p>All employees¹ and <i>Identified Staff</i></p>	<ol style="list-style-type: none"> 1. The global variable remuneration pool shall be established every year according to the rules and procedure expressed in the <i>Variable Remuneration Assessment Regulation</i> of Haitong Bank Group 2. HGAM does not support any discretionary pension plan schemes nor issues any kind of securities or financial instruments that may be used for purposes of variable remuneration. Variable remuneration is paid in cash, observing the deferral rules described in section 7 3. The individual variable remuneration awarded in each given year cannot exceed the amount of the fixed remuneration in that year. Exceptionally, HGAM may approve to raise this limit up to a maximum of twice the fixed component of the individual remuneration. To this effect, the Supervisory Board of HGAM must submit a detailed proposal for approval by the Shareholders Meeting, specifying 1) the proposed amounts, 2) the proposed staff member(s) affected, and 3) the rationale for the proposal. 4. Employees shall not, directly or indirectly, use any kind of instruments intended to hedge the risk of a downward adjustment in remuneration (e.g. buying an insurance contract which compensates the staff member in the event of a downward risk adjustment in the deferred portion of the variable remuneration) 5. Guaranteed variable remuneration is forbidden, except in the case of recently hired staff. In this case, it can only be awarded during the first year of activity 6. Variable remuneration attributed to new staff members hired as a result of early termination of previous employment contracts must be aligned with the long-term interests of HGAM. This includes the implementation of rules in employment contracts regarding performance, retention, deferral, and revocation of said remuneration
<p>Control Functions</p>	<ol style="list-style-type: none"> 1. The variable remuneration pool for staff engaged in Control Functions will be determined by the Shareholder in accordance with the achievement of the objectives linked to their functions. This remuneration will be inspected directly by Supervisory Board of HGAM 2. The variable remuneration for staff engaged in Control Functions may not represent more than 50% of the fixed remuneration

¹ Includes members of the Corporate Bodies and staff engaged in Control Functions

Members of the Corporate Bodies	1. The variable remuneration pool for Executive Members of the Board of Directors will be determined by the Shareholder’s General Meeting based on an overall performance assessment of HGAM in the appraised year
---------------------------------	--

7. RULES FOR DEFERRING PAYMENT OF VARIABLE REMUNERATION

- a. Variable remuneration deferral rules are applicable to *Identified Staff* and other employees whose remuneration places them at the same remuneration level as *Identified Staff* employees;
- b. At least 50% of the variable remuneration component will be deferred over a 3-year period;
- c. This percentage should be increased to 60% when the amount of variable remuneration represents more than 100% of the fixed remuneration;
- d. The deferred payments shall be made in three instalments, according to the following scheme:

	Timeframe ⁽¹⁾	Payment Calculation
Upfront Payment	Award year (<i>n</i>)	<i>Total awarded Variable Remuneration</i> × 50%
Payment of Deferred Components	<i>n+1</i>	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 40%
	<i>n+2</i>	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 30%
	<i>n+3</i>	<i>(Total awarded Variable Remuneration – Upfront Payment)</i> × 30%

⁽¹⁾ A minimum timeframe of 12 months should be observed between each of the payments above

8. REVOCATION OF DEFERRED COMPONENTS

8.1. Overview

- a. Any variable remuneration payment which has been revoked is considered irreversibly cancelled;

- b. The right of revocation is assessed each calendar year and applies to the deferred component of the variable remuneration on that specific year in analysis.

8.2. Revocation on Employee's Own Initiative

1	The <i>Identified Staff</i> member voluntarily leaves HGAM
2	The executive member of the Board of Directors voluntarily terminates his or her mandate before the end of the respective term
3	Under the circumstance that a staff member of HGAM is seconded or transferred to another Haitong Group entity, this event is not considered as revocation on the employee's own initiative

8.3. Revocation Due to Other Reasons

8.3.1 Collective Events

- a. Under the circumstance that the payment of the deferred variable remuneration triggers the breach of certain Haitong Bank's regulatory capital and liquidity ratios, then the shareholder has the right to completely revoke such payment in that given year;
- b. The regulatory capital and liquidity ratios are: Total Capital Ratio, Common Equity Tier 1 ratio (CET1), Liquidity Coverage ratio (LCR) and Net Stable Funding ratio (NSFR).

8.3.2 Individual Events

- a. With robust disciplinary investigation, the Board of the Directors has the right to completely revoke the deferred variable remuneration if a certain employee breaches Haitong Bank Group Code of Conduct or the following events:

1	Evidence of misconduct or serious error by the relevant <i>Identified Staff</i> member
2	The <i>Identified Staff</i> member was responsible for a significant downturn in the financial performance of his business unit
3	The <i>Identified Staff</i> member was responsible for a significant failure of risk management
4	Any regulatory sanctions where the conduct of the <i>Identified Staff</i> member contributed to the sanction

5	The <i>Identified Staff</i> concerned ceased to comply with suitability criteria (for executive member of the Board of Directors)
6	The <i>Identified Staff</i> leaves HGAM through dismissal with due cause
7	The executive member of the Board of Directors concerned was suspended of office for reasons attributable to the executive member

9. CONFLICT OF INTERESTS

For the purposes of 5., vi. above, HGAM's Conflicts of Interest Prevention Regulation shall be mandatorily complied with.

10. ARCHIVE

- a. The Compliance Department maintains an archive in digital format of this Policy. This digital archive is maintained in the Compliance Department's shared folder "Comply".

11. ENFORCEMENT

- a. The Compliance Department monitors compliance with this Policy by undertaking ad-hoc monitoring actions;
- b. The Compliance Department publishes this Policy in HGAM's intranet and website, in coordination with the Administrative Department.

12. CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	Remuneration Policy of Haitong Global Asset Management, SGOIC, S.A.
Version	Version 1.0
Prepared by (Name/Department)	Human Resources
Appreciated on (Committee name)	Supervisory Board
Approved by (Committee name)	Shareholders General Meeting