

# GRIT

**GRIT FUND MANAGEMENT COMPANY LTD  
REMUNERATION POLICY**

**19 FEBRUARY 2025**

# GRIT

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## 1. INTRODUCTION AND PURPOSE

This remuneration policy (the “**Policy**”) of GRIT Fund Management Company Ltd (“**GRIT**”) applies to the entire organization of GRIT. Additionally, more specific principles apply to such individuals that due to their professional role may have a material impact on the risk profile of GRIT or any investment funds managed by GRIT.

The purpose of this Policy is to establish remuneration principles that promote sound and effective risk management consistent with GRIT’s business strategies, objectives, values, and interests. The remuneration principles are also designed to discourage risk-taking that is contrary to the risk profiles of the investment funds managed by GRIT or the duty to act in the best interests of investors. Furthermore, the remuneration principles established in this Policy aim to avoid remuneration practices leading to conflicts of interest.

This Policy is reviewed annually by the Compliance Officer and the remuneration committee. The Board of Directors of GRIT is responsible for approving the Policy and overseeing its implementation. The Policy shall be made available on GRIT’s website.

## 2. REMUNERATION PRINCIPLES

The remuneration system applied by GRIT encompasses fixed remuneration, variable remuneration in the form of a bonus pool, and other taxable employee benefits (mobile phone, lunch coupons, health benefits, etc.) provided by GRIT from time to time. Fixed remuneration refers to payments or benefits without consideration of any performance criteria or financial results. Variable remuneration refers to additional payments or benefits depending on individual performance, financial results, or other contractual criteria.

Regarding remuneration, particularly variable remuneration, a prudent balance shall be maintained between GRIT’s financial stability and its reward structures. GRIT shall ensure that its remuneration practices do not adversely affect its financial situation, capital requirements, or liquidity.

### **Fixed Remuneration**

The fixed remuneration for an individual shall be determined based on an evaluation of at least the following factors:

- expertise,
- experience,
- tasks,
- role, and
- level of seniority and responsibility.

The fixed remuneration shall be sufficiently competitive relative market standards to ensure that employees do not become overly reliant on variable remuneration, thereby mitigating incentives for excessive risk-taking.

### **Variable Remuneration**

The total remuneration may include variable remuneration. The Board may create a bonus pool to be distributed amongst individuals eligible for bonuses. The purpose of the bonus pool is to recognize and reward strong past performance and incentivize future performance. Therefore, there should be a link between achieved performance and the amount of variable remuneration paid. GRIT does not, as a general rule, pay any guaranteed variable remuneration.

Both quantitative as well as qualitative criteria should be used for assessing individual performance, depending on the tasks and responsibilities of the individual.

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In respect to variable remuneration, the following applies:

- Variable remuneration shall be based on the outcome of individual or group targets and/or the financial results of GRIT.
- The evaluation of individual targets should consider risk factors and long-term performance, ensuring alignment with GRIT's overall business strategy.
- Unethical or non-compliant behavior shall override positive performance, reducing variable remuneration.
- Specific additional provisions apply to the remuneration of identified staff as defined below.

### 3. IDENTIFIED STAFF

Additional remuneration principles apply to individuals in GRIT's appointment or employment whose role involves activities with material impact on the risk profile of GRIT and the investment funds GRIT manages ("**Identified Staff**").

The following individuals are considered Identified Staff:

- the CEO, including the Deputy CEO
- the COO
- the Head of Portfolio Management
- portfolio managers for the investment funds where GRIT serves as portfolio manager
- persons within control functions (risk management, compliance, and internal audit)
- persons whose total remuneration takes them into the same remuneration bracket as other Identified Staff

#### **Remuneration of management**

Remuneration of the members of management, including the CEO, Deputy CEO, COO, and Head of Portfolio Management, should be consistent with their powers, tasks, expertise, and responsibilities. The remuneration of management should align with the GRIT's risk appetite and strategic objectives, fostering prudent risk-taking and long-term value creation. Management should not determine its own remuneration.

#### **Remuneration of control functions**

The remuneration level of staff in the control functions, including compliance, risk management, and internal audit, should allow GRIT to employ qualified and experienced personnel in these functions. If Identified Staff in control functions receive variable remuneration, it should be based on function-specific objectives or performance and should not be determined by GRIT's financial performance. The remuneration structure of Identified Staff within control functions should not compromise their independence or create conflicts of interest in their role. Control functions should not be in positions where their decisions or advice on risk, regulatory, or other related matters affect their performance-based variable remuneration.

#### **Remuneration of other Identified Staff**

The remuneration of portfolio managers and other Identified Staff shall align with GRIT's risk appetite, as set by the Board, and the principles of sound risk management as determined by the risk management function.

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## 4. REMUNERATION COMMITTEE

The Board of GRIT may establish a remuneration committee tasked with the preparation of decisions regarding remuneration to the Board. The committee shall mainly consist of members who do not perform executive duties within GRIT.

The remuneration committee is responsible for adhering to this Policy and for providing input on GRIT's overall remuneration policies to the Board. The remuneration committee shall devote specific attention to ensuring that GRIT's remuneration practices avoid conflicts of interest and promote sound and effective risk management consistent with GRIT's business strategies, objectives, values, and interests.

The remuneration committee is encouraged to seek expert advice internally e.g. from risk management and other functions. Committee members shall not decide or prepare decisions on their own remuneration.

The remuneration committee prepares remuneration decisions relating to Identified Staff from management and staff within control functions for approval by the Board. However, for the CEO and Deputy CEO, the committee makes recommendations to the board of the parent company, which is responsible for setting their remuneration.

The decision-making process relating to remuneration shall be properly documented.

## 5. IMPLEMENTATION OF SUSTAINABILITY RISKS

GRIT's primary business model consists of providing third-party management company services and solutions. Therefore, GRIT has not implemented any general sustainability risk policies on an entity level. Instead, the consideration of sustainability risk policies is tailored on a fund specific basis to cater for the needs and strategies of the fund. Consequently, GRIT has not implemented any consideration of sustainability risks in the remuneration of its staff, and any level or type of remuneration is not linked to the performance of any sustainability-related targets.

## 6. PRINCIPLE OF PROPORTIONALITY

The principle of proportionality has been considered when determining the scope of application for the remuneration principles within GRIT. Consideration has been given to the company being unlisted, the limited number of employees and Identified Staff, and the relatively small total assets under management of the funds under management.

Considering the above, GRIT considers itself eligible to currently disapply the following remuneration principles in the relevant regulations:

- Retention period for remuneration in instruments;
- Deferral of variable remuneration;
- Variable remuneration in instruments; and
- Ex post incorporation of risk for variable remuneration.