



## **GRIT Fund Management Company Ltd**

### **Remuneration Policy**

**APRIL 2019**

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# GRIT

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### Amendments by versions

Version	Date	Edited by	Signed off by	Comments
1.0	2014-2018	Compliance	Board of GRIT	
2.0	APRIL 2019	Compliance	Board of GRIT	Annual update considering also the change of company name during 2018.

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## 1. Introduction and purpose

This remuneration policy (hereinafter “Policy”) of GRIT Fund Management Company Ltd (hereinafter “GRIT”) applies to GRIT and such persons in its staff that due to their professional actions have an essential impact on the risk profile of GRIT or on an investment fund managed by GRIT (hereinafter “Identified Staff”, as more closely defined under Section 3).

Personnel engaged in administrative duties are considered not to have a material impact on the risk profile of GRIT or the investment funds managed by it and are thus not covered by this Policy.

This Policy has been prepared with due care and prudence taking into consideration, as applicable, the rules set forth in the AIFM directive (2011/61/EU) (“AIFMD”), the Finnish Act on Alternative Investment Fund Managers and accompanying preparatory work, the European Securities and Market Authority’s guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232) as well as applicable regulations with regards to managing of UCITS funds set forth in the Finnish Act on Common Funds and the UCITS directive 2014/91 (“UCITS V”).

As it is important to maintain a solid trust towards the investors of the funds managed by GRIT, these guidelines are made to promote an effective risk management and not to encourage excessive risk taking inconsistent with the applicable regulation and rules of the funds managed by GRIT.

The business objective of GRIT is to:

- provide agile fund services and fund solutions to its co-operation partners;
- successfully manage UCITS funds and alternative investment funds in the best interest of the investors and in accordance with their set risk and investment policies, and
- to grow revenue from successfully conducting its fund management business.

## 2. Principle of proportionality

The rules set forth in the applicable regulations have been complied with in line with the principle of proportionality and as appropriate considering:

- the size and legal structure of the funds managed by GRIT
- the size of GRIT
- the internal organization
- the nature, scale and complexity of GRIT’s business
- tasks and responsibilities of each relevant member of the staff

The following facts have been taken into consideration when applying the principle of proportionality:

- GRIT is unlisted
- GRIT has no branches or subsidiaries
- GRIT has a relatively small number of employees

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- the limited number of Identified Staff that actually has an impact on the risks of GRIT and the funds managed by GRIT
- the portfolio management for the funds managed by GRIT are, as a rule, outsourced
- GRIT does not offer any additional services under AIFMD, such as investment advice
- the board of GRIT's parent company Iconova and the Risk Committee of the Iconova group offer sufficient monitoring and effective supervision

Considering the above, GRIT has chosen not to apply the following parts of the relevant regulations:

- Retention
- Deferral
- Variable remuneration in instruments
- Ex post incorporation of risk for variable remuneration
- The appointment of a compensation committee

### 3. Identified staff

The remuneration system is applied to groups of staff that due to their professional actions, have an essential impact on the risk profile of GRIT or on an investment fund managed by it ("*Identified Staff*").

The following persons are considered as Identified Staff:

- members of the board of GRIT
- the managing director
- the portfolio managers for the investment funds managed by GRIT
- staff within control functions, i.e. risk management, compliance and members of the group's Risk Committee

To arrange the business in the most effective way and to protect and serve the best interest of the investors, GRIT does, as a rule, delegate portfolio management functions pertaining to the investment funds management by it to third parties being sufficiently authorized and having relevant and appropriate experience to handle the outsourced tasks. Based on such delegation arrangements, staff belonging to the portfolio and risk management teams of such delegates are considered to have a material impact on the risk profiles of the investment funds managed by GRIT. GRIT has ensured contractually that each delegate applies remuneration principles that are appropriate and sufficient.

### 4. Remuneration principles

The remuneration system applied by GRIT encompasses a fixed remuneration, a variable remuneration and other taxable employee benefits (mobile phone, lunch coupons, health benefits) provided by GRIT from time to time. The starting point for the overall remuneration of

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each employee is that the remuneration shall be reasonable considering an overall assessment of the employee's experience, position, duties and level of responsibility.

The overall remuneration may, or may not, include a variable remuneration. The relation between the fixed remuneration and the variable remuneration is determined on an annual basis by the board of Oy Iconova Ab (hereinafter "Iconova"). The remuneration principles of the Managing Director, the Risk Manager and the Compliance Officer is directly overseen and determined by the board of Iconova.

Fixed remuneration includes remuneration and salary that are not dependent on the person's individual performance or on GRIT's financial result. GRIT needs to ensure that the fixed remuneration is sufficient to ensure that not paying any variable remuneration doesn't cause disproportionate harm to the employee.

In respect of variable remuneration, the following apply:

- The variable remuneration, if any, is based on the outcome of personal targets and the result of GRIT and potential other factors as decided by the board of Iconova. The goals are set and evaluated with risk and long-term performance in mind and are in line with the business strategy of GRIT.
- Persons in control functions, have their own specific targets that are based on the performance of their own tasks, and the remuneration of such persons are therefore not directly connected to the performance of the functions and entities that they supervise.
- GRIT does not, as a rule, pay any guaranteed variable remuneration. Any deviation from this rule is determined on a case-by-case basis by the board of Iconova. Such deviation is conditional upon there being significant and justified reasons for the payment of a guarantee variable remuneration taking into consideration regulatory restrictions for such payment.
- Any variable remuneration paid shall support, contribute to and guarantee a sound development of GRIT. Thus, the payment of any variable remuneration needs to be sustainable according to the financial situation of GRIT and the corporate group, as a whole. This means that the variable remuneration may decrease significantly or not be paid at all if GRIT would show a poor or negative result or if the financial situation of the corporate group requires this.

Exceptions to this rule are persons in control functions, i.e. the persons responsible for the risk management, compliance and internal supervision of GRIT. Their remuneration is based on the goals set for their specific control functions and is therefore not dependent on the result of the business unit they supervise. The financial situation is assessed against the financial situation of the Iconova group.

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## 5. Risk Management

Any variable remuneration paid shall support, contribute to and guarantee a sound development of GRIT. The main criterion for the risk assessment is the overall financial situation of GRIT and the corporate group to which it belongs. This means that the variable remuneration may decrease significantly or not be paid at all if GRIT would show a poor or negative result or if the financial situation of the corporate group requires this.

Furthermore, after the assessment of the financial situation, the payment of variable remuneration is subject to an assessment of individual performance of the employee in question. In addition, any other relevant risks and criteria may be taken into consideration in the assessment. Identified Staff is expressly prohibited to use any kind of arrangements with the intention to circumvent or which would lead to circumvention of this Policy.

When assessing individual performance the following is taken into account:

- that possible conflicts of interest have been identified, prevented, managed and monitored in line with GRIT's internal policies and procedures;
- that the assessment of an employee's performance and the financial situation is, as far as possible, made on a semi-annual basis; and
- that the assessment is based on clear and pre-defined performance criteria or, if judgmental measures are eligible, that such judgment is based on and made in line with specific and clear policies and procedures implemented by GRIT.

The risk assessment process and payment award process are carried out by the Managing Director. However, the board of Iconova oversees the remuneration principles of the Managing Director, the Risk Manager and the Compliance Officer.

## 6. Decision-making, supervision and review

This Policy has been approved by the board of GRIT.

The board of GRIT's parent company Iconova monitors that the remuneration system is followed and regularly evaluates the functionality of the system. The remuneration system and the adherence thereof are subject to an annual review by GRIT's compliance function and reported to the board Iconova.