

## **2020 ANNUAL REMUNERATION COMMITTEE REPORT**

This Report has been prepared in accordance with the provisions of FSA Regulation no. 2/2016 on the application of corporate governance criteria.

The Remuneration Committee (RC) of S.A.I. Erste Asset Management S.A. (SAI Erste) has been established in accordance with the provisions of GEO no. 32/2012, as amended and supplemented, and FSA Regulation no. 9/2014.

### **Applicable general principles**

- The Remuneration Committee (RC) is appointed by the Supervisory Board and is made up of 2 non-executive members thereof. RC is a permanent committee, with an advisory function
- RC adopts and assesses on an annual basis or as frequently as necessary the general principles of the remuneration policy, is responsible for the enforcement thereof and the supervision of adherence thereto
- Its members are authorised to request any information deemed necessary with regard to any SAI Erste employee. According to the internal regulations of SAI Erste, RC is authorised to investigate and perform any activity within the scope of its duties
- RC may receive adequate external advice in the performance of its duties. In 2020, no such advice was requested.

### **The duties of the Remuneration Committee:**

- To prepare recommendations for the Supervisory Board with regard to the remuneration of Management Board members, as well as of the personnel members collecting the highest remuneration within the company
- To directly supervise the remuneration of key function holders and of the risk manager, who oversees compliance and internal audit activities
- To review decisions concerning the amounts of money paid as variable remuneration, for the purpose of approval by the Supervisory Committee/reject payment criteria
- To provide help and support to the Supervisory Committee with regard to the remuneration policies
- To examine the Remuneration Policy on an annual basis and supervise the enforcement thereof
- To examine the appointment of external remuneration advisors whom the Supervisory Board may decide to employ for advice or support, if necessary
- To assess the remuneration mechanisms adopted in order to ensure that the general remuneration policy is in line with the business strategy, objectives, values and interests of SAI Erste, of the investment funds managed, and of the investors thereof
- To provide for the independent regular review of the remuneration policies and systems by the internal audit
- To formally review all the potential scenarios in order to test the manner in which the remuneration system will respond to future internal and external events, including backtesting.

The Supervisory Board is responsible for establishing the remuneration for Management Board members.

#### **The activity of the Remuneration Committee**

In 2020, the membership of the Remuneration Committee was subject to no changes and the Committee comprised the following members:

- Mr. Heinz Bednar, Chairman
- Ms. Cristina Reichmann, Independent member

RC convenes whenever required, but no less than two times a year, in order to update the remuneration policy and establish the amount of variable payments, if necessary.

In 2020, the Remuneration Committee approved the revision of the Remuneration Policy in accordance with the legal provisions in force. On this occasion, the Committee assessed the remuneration policy process and effectiveness as well as compliance thereof with Group Standards, aimed at discouraging risk taking that is not in line with the relevant risk profiles and the company rules or documents of incorporation and is contrary to the objective of SAI Erste to act in the interest of investors.

Variable remuneration is in line with the long-term strategy, value, and interests of the Company and is approved at EAM GmbH level.

Variable remuneration comprises a cash component and a "phantom share component". When variable remuneration is paid in the form of "phantom shares", these will be retained by SAI Erste. "Phantom shares" will be paid out in cash.

40% of the variable remuneration will be deferred in equal instalments for a period of 3 years, while 50% of any variable remuneration component comprises shares in a Fund selected for the allocation of "phantom shares".

The number of "phantom shares" to be allotted will be determined as follows: the gross bonus amount is divided by the average weighted value of daily NAVs per share to determine the total number of "phantom shares". The bonus will be paid out in cash, by multiplying the number above by the weighted average value of daily NAVs in the previous year.

On 10.04.2020, following the report of the SAI Erste Management Board and of the representatives of risk management and compliance functions, RC approved the payment of variable remuneration (bonus) for the year 2019.

The members of the Remuneration Committee have reviewed:

- Compliance with the minimum profitability criteria for the payment of bonuses (the profitability of EAM GmbH Group and SAI Erste)
- Compliance with Knock-in criteria
- Completion of the employee evaluation process (PDS)
- The implementation of Knock-out criteria (e.g. compliance breaches, exceedance of legal thresholds).

As a result of a detailed review process, variable remuneration has been established for the following employees entitled to receive such valuable remuneration: Management Board members, risk manager, compliance officer, heads of departments, and the employees of the Investment Department.

Taking into consideration the changes to the company's management, RC was involved in the process of establishing the remuneration of the new members of management structures.

Approved,



Heinz Bednar, Chairman

Cristina Reichmann, Independent Member