



Summary of remuneration policy

June 2016

Sparinvest

Contents

1. Intro.....	3
2. Short description of content.....	4
3. Ansvarlig for tildeling af løn og goder.....	5
4. Responsible for assignment of salary and benefits.....	5
5. Assigning of base salary and variable remuneration.....	5
6. Supervision and latest revision of the remuneration policy.....	7

1. Intro

Sparinvest SICAV has delegated the day to day management to Sparinvest S.A (hereinafter “the Company”), and the Company is as a management company obliged to have a remuneration policy.

The remuneration policy is used as an active tool in the Company. The remuneration is intended to honour the employees’ qualifications, functions and flexibility. The remuneration policy is in line with the business strategy, objectives, values and interests of the Company and the UCITS and UCIs under management (hereinafter “the Funds”) and of the interests of the investors of these Funds in order to avoid conflicts of interest. The remuneration policy supports and is part of the Company’s integration of good corporate governance and responsible investments, as laid down in the UN Principles for Responsible Investments, which are signed by the Company.

To ensure that senior management (hereinafter “Management”) and employees with activities, which has material influence on the risk profile, is motivated and retained in a competitive and international environment, it is important for the Board of Directors of the Company to be able to honour results, quality, competences and an extraordinary effort. It is also in the interest of the Funds, to maintain the continuity in the group of employees, who are subject to the remuneration policy.

The aim of the remuneration policy is also to promote a sound and efficient risk management with the overall purpose to function in the interest of the Company and the Funds. Furthermore, the remuneration policy does not encourage risk taking which is inconsistent with the risk profiles of the Funds.

The remuneration policy regulates following matters:

- The scope
- Remuneration structure
- Base salary
- Variable salary
- Control of salaries
- Publication

2. Short description of content

The remuneration policy includes the employees stated in applicable law. Likewise, the Board of Directors of the Company has identified the employees, who are considered to have a material influence in the Company (hereinafter "the Identified Staff"). The identified Staff are furthermore approved by the Remuneration Committee of the Company's parent company.

The Identified Staff are identified on the basis of the following definition, which are defined by the Board of Directors: employees who individually or collectively can change or have the decision-making competence either via delegation from the Management or due to their position to exercise influence in a way which will impact the business strategy for the Company or the Funds and can inflict a loss on the Company.

Based on this definition, the following criteria will be used when identifying staff covered by the remuneration policy:

- Employees who can have significant influence on the risk profile/positions of the Company and the Funds.
- Employees who can have significant impact on the results, balance sheet or performance of the Company and the Funds.
- Employees who are capable of entering into substantial contracts/positions on behalf of the Company on the Funds.
- Employees who can have a significant influence on the decision-making regarding purchases and selling in the Funds.

In addition to these criteria, an analysis of the employees' job functions and area of responsibility are made in order to assess whether their job function is included in the remuneration policy.

The remuneration policy is drafted in accordance with objectives, laid down in the strategy of the Company, which are:

- A proper balance of variable to fixed remuneration
- Measurement of performance
- A structure to variable remuneration to ensure it makes the best possible attempt to align remuneration with its long-term interests

Individual remuneration is based on a concrete assessment. Factors that are judged by the Company to form the basis of this assessment are, amongst others 1) Job profile 2) Achievements 3) Performance 4) Qualifications and expertise. The Company's salary packages include following elements:

- Fixed salary (base salary)
- Variable pay (bonus)
- Benefits

Any regulation of the individual employee's remuneration is either defined by an annual frame as determined by Management and the Board of Directors or as a result of increased responsibility either as an executive or as an extension of tasks. The base salary represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component.

The Company has decided not to establish a Remuneration Committee, because one already exist at Group Level. The Remuneration Committee and the Board of Directors of the Company's parent company also approve the Company's remuneration policy.

3. Ansvarlig for tildeling af løn og goder

Det er bestyrelsen i Selskabet, som fastsætter det samlede beløb, der er til rådighed til bonus det pågældende år. Det sker på et bestyrelsesmøde i slutningen af regnskabsåret.

Det samlede beløb, som kan anvendes til bonus, skal endvidere godkendes af Aflønningsudvalget og bestyrelsen i Selskabets moderselskab.

Herefter vil Selskabets direktion fordele bonussen til de relevante medarbejdere på baggrund af principperne i lønpolitikken.

4. Responsible for assignment of salary and benefits

The total amount which is available for variable remuneration are determined by the Board of Directors at a board meeting at the end of the financial year.

The total amount which may be used for variable remuneration in the Company is approved by the Remuneration Committee and the Board of Directors of the Company's parent company.

Thereafter, the Management of the Company will allocate the variable remuneration to relevant employees on the basis of the principles in the remuneration policy.

5. Assigning of base salary and variable remuneration

The Board of Directors receives no remuneration for their work as board members.

General principles

The measurement of performance is used to calculate variable remuneration components or pools of variable remuneration components and includes a comprehensive adjustment mechanism to integrate all

relevant types of current and future risks. The assessment of the performance is set in a multi-year framework appropriate to the life-cycle of the Funds managed by the Company in order to ensure that the assessment process is based on sufficient data and that the actual payment of performance-based components of remuneration is spread over a period.

Variable remuneration will be allocated on the basis of both objective and subjective criteria.

Based on ex post risk adjustments the Company may withhold the variable remuneration or demand full or partly repayment of the variable remuneration given. Likewise, the Company has reserved the right to demand full or partial repayment from the individual who has been given variable remunerations if such payment has been made on the basis of information about results which can be proved to be erroneous and if the recipient has been acting in bad faith.

Management

The entitlement of the Management to a performance-related bonus is determined by an assessment of both the performance of the Management and the Company's results.

The variable remuneration is thus based on measurement of the performance, reflecting the current and future risks related to such performance and any capital costs and liquidity that may have been required to achieve the results.

When assessing the Management's performance, non-financial requirements are taken into account. An example would be compliance with in-house rules and procedures and observation of the Company's guidelines and workflows applying to relations with clients and investors.

The variable part of the pay – consisting of variable remuneration and financial instruments - may amount to a maximum of 50 % of the fixed base salary.

The Board of Directors recommend the performance-based bonus of Management, which is then approved by the Remuneration Committee and the Board of Directors of the Company's parent company.

Asset Management (portfolio managers)

The performance-based variable remuneration is based on 1) Gross rate of return relative to the benchmark 2) Ranking in relation to peer group 3) Tracking Error for indexed portfolios 4) Rating of portfolios 5) Compliance with the Company's corporate values.

Furthermore, following criteria will be taken into consideration for the individual employee 1) management quality as group leader 2) fulfillment of the objectives of the annual action plan and the objectives determined by Management 3) the ability to cooperate

For this group of Identified Staff, the appropriate upper limit for the variable part of the pay is set at 100 % of the fixed base salary. In extraordinary situations the upper limit for the variable part of the pay can be set

at 200 % of the fixed base salary, in which case it must be approved by the Board of Directors of the Company as well as the Remuneration Committee and the Board of Directors of the Company's parent company.

It is the Management in the Company, who determines the performance-based bonus to the employees in Asset Management.

Other employees with material impact on the risk profile

For employees with material influence on the risk profile, variable remuneration payment is not dependent on the performance of the department/activities that they monitor or the performance of the Funds and investment products under management thereby preventing potential conflicts of interest.

The evaluation and measurement of the performance of employee with material influence on the risk profile are made on defined objectives which are:

- on the basis that employees' department complies with Company's action plan, in-house guidelines and workflows and
- on the basis of the employee's meeting management goals, as laid down and agreed between the employee and the relevant line manager

Furthermore, following criteria will be taken into consideration for the individual employee 1) management quality as group leader 2) fulfillment of the objectives of the annual action plan and the objectives determined by Management 3) the ability to cooperate

This group of Identified Staff includes employees in control functions and Client Management. For employees in control functions, the appropriate upper limit for the variable part of the pay is set at 50 % of the base salary, including pensions. For employees in Client Management, the appropriate upper limit for the variable part of the pay is set at 100 % of the base salary, including pensions.

It is the Management in the Company, who determines the performance-based bonus to the employees for this group of Identified Staff.

6. Supervision and latest revision of the remuneration policy

The Board of Directors will be the supervisory function and will have the overall responsibility for the approval and compliance with remuneration policy. Internal audit will annually evaluate whether the remuneration policy and the guidelines therein are observed.

The Remuneration Committee and hence the Board of Directors in the Company's parent company will annually review the Company's remuneration policy and ensure that it is in line with the overall remuneration guidelines of the Group. The latest review and the Board of Directors in the Company's approval of the

remuneration policy was March 15, 2016. In addition, the remuneration policy has been approved by the Remuneration Committee and the Board of Directors in the Company's parent Company respectively March 9, 2016 and March 10, 2016.

In the event of significant changes to the policy, present description will be updated in accordance hereby.

On request, a printed version of the remuneration policy is available. Please send a request to mail@sparinvest.eu.