

The Remuneration System

J&T INVESTIČNÍ SPOLEČNOST, a.s. has implemented and applies, by means of an internal regulation, the system of remuneration of its employees and executives.

The principles and procedures within the remuneration system in the company apply to:

- a) A person's salary, consideration, special pension benefits and other benefits and similar forms of income that may be regarded as remuneration (hereinafter referred to as "remuneration");
- b) Selected groups of persons whose activities within the scope of their employment, occupation or function have a significant impact on the risks to which the manager or the investment fund or foreign investment fund managed by this manager might be exposed, particularly including:
 - i) members of the management body or the control body of this manager (executive and non-executive directors);
 - ii) persons who actually manage the activities of this manager (senior management);
 - iii) persons in internal control functions of this manager, particularly persons responsible for the risk management, compliance or internal audit;
 - iv) persons or groups of persons whose activities are associated with the risk taking by this manager, investment fund or foreign investment fund (risk takers);
 - v) other persons whose remuneration is similar to that of the persons referred to in items i) to iv).

The company will apply the principles and procedures within the remuneration system in the manner and to the extent that takes into account the size and organizational structure of the manager and the nature, scope and complexity of the activities of the manager of an investment fund or of a foreign investment fund.

The company will apply the principles and procedures within the remuneration system so that they:

- a) promote the due and efficient risk management and are consistent with it;
- b) do not encourage any risk-taking beyond the framework of the risk profile of the manager of an investment fund or of a foreign investment fund, particularly with regard to the statute or to the memorandum of association of the managed investment fund, or with regard to a comparable document of the managed foreign investment fund;
- c) are consistent with the business strategy, objectives, values and interests of the manager of an investment fund or of a foreign investment fund, or of this fund; and
- d) include procedures to prevent conflicts of interest in relation to remuneration.

The description of these rules will be provided to unit-holders free of charge in the paper form upon request.

The principles and procedures within the remuneration system in the company will apply to:

- a) **Salary, annual remuneration and extraordinary remuneration** (the company does not pay any other consideration, special pension benefits or other benefits and similar types of income of a person that could be regarded as remuneration).
- b) **Portfolio managers of the company, CEO of the company, Director of Mutual Fund Management Department.** Other persons whose activities within the scope of their employment, occupation or function have a significant impact on the risks to which the company or the investment fund managed by this manager might be exposed do not have a set remuneration that would be dependent on the achieved performance of the company or an investment fund, and therefore they are not subject to the principles and procedures within the remuneration system in the company.
- c) **Only a bonus is regarded as a deferred variable component of remuneration that is dependent on the achieved performance of the company or an investment fund** (according to the group's Employee Remuneration Policy); other salary components, namely remuneration for the achieved targets and extraordinary remuneration, are not regarded as a variable component of a salary subject to the principles of the remuneration of employees who have a significant impact on the total risk profile of the company **if the remuneration of such employees**

for achieving the set targets fully corresponds to remuneration of other employees of the company for achieving the set targets.

The payment of 100 % of the value of the deferred variable component of remuneration is effected only if all of the criteria below have been met. If one or more criteria have not been met, the value of the deferred variable component of remuneration is not paid.

- a) Net assets (total assets – liabilities), their volume, without the effect of an increase in the equity of shareholders and without the effect of dividend payments, must not decline year-on-year.
- b) Operating profit, after taking into account extraordinary items, must not decline by more than 15 % year-on-year.
- c) ROE must be at least 200 bps above the one-year benchmark rate effective as at the beginning of the accounting period (12M PRIBOR).

In evaluating the meeting of all the criteria on the basis of which 100 % of the value of the deferred variable remuneration component is to be paid, the company takes into consideration all extraordinary and one-off income and extraordinary and one-off costs that could influence the given criteria in the short term.

The control body of the company, **the board of supervisors of the company**, approves and regularly evaluates, within the scope of its powers, the overall principles and procedures of remuneration and it is responsible for their implementation and application.

The control body of the company, **the board of supervisors of the company**, subjects at least once a year the implementation and application of the principles of remuneration to an overall independent internal review in terms of compliance with the principles and procedures within the remuneration system approved by the control body of the company. Persons in the board of supervisors are independent of the departments that they control and they are remunerated independently of the performance of the organizational departments that they control.

The company does not have risk management and compliance departments; these services are outsourced.

The company does not set up a remuneration committee; its setting-up is not proportionate to the size and organizational structure of the company or the nature, scope and complexity of the activities of the company.

The company does not set performance-related remuneration and therefore it does not engage in measuring performance in connection with remuneration.

With respect to the size, organizational structure, nature, scope and complexity of the activities of the company, in accordance with paragraph 10 of Annex No. 1 to Decree 244/2013 Sb., the application of any of the rules contained in paragraphs 8 and 9 of Annex 1 of Decree 244/2013 Sb. is precluded. However, the compliance of the company with the group's rules and regulations relating to the system of remuneration is not precluded by this paragraph.

The company does not provide and does not intend to provide special pension benefits.

The company does not pay variable components of remuneration in instruments or in a form that would make it possible to circumvent the requirements of the Act, of the Decree or of other legal regulations. No investment fund managed by the company pays remuneration to any employees directly.

The company does not provide variable remuneration components that would be guaranteed.

The company has not made any agreements guaranteeing payments provided in connection with a premature termination of a contractual relationship beyond the legal framework.

Prague, 1 July 2016

Mgr. Miloslav Zábojník
Chairman of the Board
J&T INVESTIČNÍ SPOLEČNOST, a.s.