

## Corporate Governance Guidelines

Scarabaeus Wealth Management AG (SWM AG) follows sound corporate governance principles. The structure of the Company and the complexes of funds under administration make the Board of Directors oversee multiple funds and seek an efficient and effective approach to governance.

SWM AG gives top priority to compliance in true letter and spirit, fully understanding its fiduciary responsibilities. The execution of governance guideline principles recognizes a practice involving operational and legal procedures that address issues as composition of the board, auditing guidelines, risk mitigation, fair remuneration, corporate reporting, disclosure, as well as trustee and management code of conduct.

SWM AG operates with the principal goal: To provide the greatest possible return to the investment collective schemes under its management and the investors in the funds according to governing laws and the investment guidelines and objectives of each fund. The main conception that binds SWM AG to sound corporate governance is a strong ethical outlook from the board of directors committed to pursue high standards of governance, corporate conduct and deliver the best protection to shareholders.

### I. MANAGEMENT

The company reflects values based on integrity, transparency, professionalism, accountability and excellence. We are dedicated to constantly striving to achieve the highest possible standards in our daily work and in the quality of the service we provide.

Timely and balanced disclosure is the key to building confidence and allowing investors to better understand, evaluate and assess investment risk and return.

Committed to the highest ethical standards in corporate governance, which includes transparency and timely dissemination of information to the investors in funds under management and shareholders of the management company itself, the Board of Directors is a professional body constituting inter-alia of, well-experienced and knowledgeable independent members and regularly conducts reviews to oversee the operations and performance of the company.

SWM AG's board of directors oversees the management and operations of a complex of funds and has a fiduciary duty to represent the interests of shareholders and investors. The board focuses on the performance of funds under management and monitors potential conflicts of interest. Also, as a part of its general oversight responsibilities, the board monitors various fund matters, including investment performance, risk management, custody of assets, and shareholder services.

The duty of loyalty requires that directors use their positions of trust and confidence to further place the interests of the Company and its shareholders ahead of their private interests. Moreover, as the Company's main activity is management of collective investment undertakings, the said duty extends also to the interests of the investors in funds under management.

Fundamental to the duty of loyalty is the avoidance of conflicts of interest that are detrimental to the company. The duty of care requires directors to perform their duties in good faith, in a manner reasonably believed to be in the best interests of the fund, and with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. The duty of care also requires that directors being informed, apply their business judgment, and reach reasonable decisions.

The CEO and members of the Board play a critical role in ensuring that the board functions effectively, and should provide leadership to all employees in the company. The board must maintain oversight of the policy execution, and take responsibility to oversee management and the direction of a company.

Company directors possess the requisite skills, capacity, ethics and independence of mind to provide effective leadership and stewardship.

As an integral responsibility of the Board is to make reviews, accept and oversee the implementation of the company's business strategies.

## **II. SPECIFIC BOARD RESPONSIBILITIES**

The board is entrusted to oversee the company's business and to formulate the company's policies and strategies as well as is adequately informed about key business issues and is properly equipped to encourage the pursuit of management policy to optimize the long-term performance.

The Board, acting as an agent of shareholders, is responsible for governing of the company. However, key managerial functions can be delegated subject to the proper oversight of the board. As key responsibilities included in the company's governance guidelines are:

- a) Exercising independent judgement over the company's business strategy, performance, financial statements, resources, standard of conduct and ethics
- b) Reviewing the company's accounts and certifying that they comply with international accounting standards and represent a true and fair view of the affairs of the company
- c) Ensuring the maintenance of financial integrity, including the approval of budgets
- d) Overseeing the company's commitment to environmental and social standards (ECS). The board of directors prominently discloses its approach to all material risks. This includes an analysis of the ESG (Environmental, Social and Governance) issues specific to the company.
- e) Establishing and reviewing key financial performance benchmarks
- f) Overseeing the company's system of internal control and disclosure
- g) Ensuring that proper accountability mechanisms and systems are in place and ensuring that shareholders, investors in funds and stakeholders are informed in accordance with transparency and continuous disclosure obligations

## **III. PROMOTING GOOD GOVERNANCE**

In accordance with Investors' expectations, SWM AG's Board formulates and applies high standards of governance behaviour. To this end, the board undertakes the following:

- a) Articulate the company's commitment to governance by developing a publicly disclosed guidelines or code on governance and ethics (including compliance with all relevant laws, regulations, listing rules and generally accepted practices and standards). This is subject to timely review.
- b) Ensure that there are clearly defined responsibilities regarding governance issues, both in the long and short term
- c) Establish a process to ensure that governance guidelines, especially governance of the risks, are properly and regularly identified, evaluated and managed by the company and integrated into the company's strategy

- d) Engage with shareholders and investors, to adequately answer questions, remarks and complaints

#### **IV. FAMILIARITY AND CAPACITY TO OVERSEE CORPORATE OPERATIONS**

The Directors are independently familiar with the company's operations and not rely exclusively on information provided by external parties/consultants /advisors.

With regard to director capacity:

- a) Each director should devote sufficient time and effort to their duties as a director
- b) The Board should convey to prospective and current directors their general expectations about the workload associated with a directorship on the board

#### **V. ROLE OF THE CEO AND THE MEMBERS OF THE BOARD**

The CEO ensures that the board functions effectively, and provides leadership to all directors in the governance of the company. He ensures that appropriate board procedures and structures are in place, so that all relevant issues are considered by the board.

The CEO is responsible for a number of key functions, including:

- a) Setting the agenda for board meetings
- b) Leading the board in monitoring the management of the company, assessing the company's financial position and performance, establishing a culture which encourages directors to openly discuss risks or any material adverse developments
- c) Ensuring that a sufficient number of board meetings occur during the year
- d) Ensuring that the board is provided with adequate information to facilitate effective decision-making
- e) Ensuring effective board performance reviews are conducted, and linking the outcomes of performance reviews with formal succession planning processes

#### **VI. RISK MANAGEMENT**

Risk oversight is one of the main responsibilities of the Board. This is reflected in the establishment of risk management procedures. The board of directors engages in the identification, monitoring and oversight of all material risks. These can include environmental, social and corporate governance, risk management and a range of internal controls.

Board responsibilities in this regard include, but are not limited to:

- a) Overseeing the development and implementation of the company's system of risk management and internal control
- b) Monitoring the effectiveness of the risk management and internal control systems
- c) Making changes to the risk management and internal control systems as needed
- d) Ensuring there are clear lines of responsibility and accountability for risk management throughout the company
- e) Ensuring there is appropriate risk management oversight by the directors

- f) Maximizing sustainable company performance, profitability and returns to shareholders
- g) Establishing the company's policy on risk, including strategic, reputational and ESG risks

When establishing risk management policies, the board ensures that:

- a) There is an effective process to identify significant risks facing the company
- b) Adopt a comprehensive enterprise risk management approach, including financial, strategic and ESG risks
- c) There is an effective process for timely and comprehensive reporting by employees to the management (the Board) and by the management to all stakeholders, (shareholders in the Company and investors in the funds under management) of significant risks facing the company if emerged.
- d) Effective disclosure to investors of a company's approach to mitigating material risk

## **VII. COMPANY'S STRATEGY**

The Board is responsible for maintaining oversight in executing the company's strategy. This responsibility includes:

- a) Selecting, appointing and performance management of the company's values
- b) Establishing and reviewing key financial performance benchmarks, including the approval of financial policy
- c) Determining appropriate remuneration arrangements aligned to company strategy
- d) Communicating the company's values

The Board is equally accountable for the strategy as the shareholders.

SWM AG is committed to providing an accurate and true representation of their financial management, performance and reporting in line with relevant legal and accounting standards.

## **VIII. SKILLS AND PERFORMANCE EVALUATION**

The assessment of skills and performance should contribute the effective and cohesive operation of the board. Director skills and performance evaluation should be relevant and aligned to the company strategy.

Communicating the performance evaluation process and outcomes is important. A skills matrix is one effective tool to demonstrate to shareholders how skills across the boardroom link to the oversight of company operations and strategy.

## **IX. BOARD EVALUATION**

Formal board evaluation is conducted to evaluate group and individual performance.

Board evaluation should:

- a) Assess ability to provide strategic direction and objectives for the company
- b) Determine effectiveness and composition of the board

- c) Identify weak points in order to promote overall board effectiveness and company performance over the long-term
- d) Evaluate performance

SWM AG believes that transparent, fair and accountable market practices are essential to sustained wealth creation and capital market integrity. The timely release of, and equal access to, information is fundamental to market integrity and ensures that all investors are properly informed.

Investors require enough information from companies to be reassured that material governance risks are being considered, and that there are effective processes in place to manage those risks.

SWM AG ensures developing of appropriate processes and structures in place to effectively meet continuous disclosure requirements. The Board of directors ensures that they release sufficient information to enable all investors to make informed and accurate judgements about all material issues that could impact on the value of their investments.

This ensures a dedication to promoting ongoing competence and accountability throughout the company. SWM AG develops and supports a culture which fosters accountability, and a commitment to long-term investors' value creation. This is achieved through a commitment to business integrity, creativity, transparency, and continuous disclosure.

Each of our services is custom-designed to the business needs of the individual client.

The management of the company monitors regulatory developments and reviews the Funds' policies and procedures in the areas of corporate governance.