

EXTRACT OF REMUNERATION AND INDUCEMENT POLICY

SMBC Nikko Investment Fund Management Company S.A. (“SNIF”) has implemented a Remuneration and Inducement Policy (the “Policy”) to set out the legal & regulatory requirements, as well as the related actions, which SMBC Nikko Investment Fund Management Company S.A. (hereinafter referred to as the “SNIF”) complies with in order to meet its obligations, in the area of remuneration and inducement, as management company authorized as Alternative Investment Fund Manager pursuant to the Luxembourg law of 12 July 2013 on Alternative Investment Fund Managers (the “AIFM law”). Such legal & regulatory requirements include:

- Appendix II “Remuneration Policy” of the AIFM law
- Guidelines on sound remuneration policies under the UCITS Directive and AIFMD dated 31 March 2016, ESMA (the European Securities and Markets Authority) 2016/411)
- Circular 10/437 by the Commission de Surveillance du Secteur Financier (hereafter “CSSF”)
- CSSF Circular 14/585
- CSSF Circular 18/698
- Regulation 2019/2088 of the European Parliament regarding the Sustainable Finance Disclosure Regulation (“SFDR”)

In summary SNIF has to establish, implement and maintain a remuneration policy which is consistent with and promotes sound and effective risk management and which does not induce excessive risk-taking. The policy must be in line with the business strategy, objectives, values and long term interests of SNIF.

All employees of SNIF shall be governed by the Policy (the “Employees”).

SNIF should ensure that the entities to which portfolio management or risk management activities have been delegated are subject to remuneration policies compliant either (i) with Annex II to the Alternative Investment Fund Management Directive or (ii) with the provisions of Markets In Financial Instruments Directive or (iii) with the Capital Requirement Directive III as regards remuneration or applying the same requirements as these regulations.

SNIF puts in place the Policy to ensure that the remuneration of Employees is consistent with, and promotes effective risk management and would not lead Employees to take excessive risks.

The Board of Directors does not encourage or reward a risk taking attitude by any Employee.

SNIF will avoid conflicts of interest by producing internally documented clear and transparent procedures for determining the Employees’ remuneration in accordance with regulatory requirements.

SNIF shall comply with the AIFMD remuneration principles in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

Based on the size of the Management Company (number of employees, total value of assets under management for SNIF, total value of asset under management of each fund SNIF manages) and the risk and complexity of his activities, the Management Company invokes the proportionality principle.

By application of the proportionality, the following principles are not applied:

- The requirements on pay-out processes for all (or some) Identified Staff including:

- a. Retention periods
 - b. Deferral requirements
 - c. Ex-post incorporation of risk (sometimes referred to as claw back).
- The requirement to establish a remuneration committee.

Sustainability

The sustainability risk is also taken into consideration in the Policy. The performance of the funds under management is not taken into consideration to determine the amount of such remuneration. Consequently, in light of the limited impact of the variable remuneration of the Identified Staff on the risk profile of the Funds and of the nature of the business of the Company including the delegation of the investment management activity for all Funds to the relevant entities appointed, the Company believes that there is no risk of misalignment with the sustainability risks associated with the investment decision making process of the Company in respect of the Funds.

As specified above, the Company delegates portfolio management to regulated investment managers. When delegating, the Company will ensure that the investment manager(s) shall adopt remuneration policies and procedures which are consistent with the integration of sustainability risks, if sustainability risks are integrated into the investment decision making process. The Company shall seek periodic confirmations from each investment manager that these policies are being complied with and the remuneration structures are not encouraging excessive risk-taking with respect to sustainability risks.