# Remuneration and Inducement Policy

# of SMBC Nikko Investment Fund Management Company S.A.

*(extract)*

# Remuneration and Inducement Policy *(extract)*

SMBC Nikko Investment Fund Management Company S.A. ("the Company") has established a remuneration and inducement policy (the "Policy") to set out the legal & regulatory requirements which the Company complies with and the related actions it takes in order to meet its obligations in the area of remuneration and inducement as a management company authorized as an Alternative Investment Fund Manager pursuant to the Luxembourg law of July 12, 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 AIFM Directive issued by the European Securities and Markets Authority (ESMA/2016/411)
- Circular 10/437 issued by the Commission de Surveillance du Secteur Financier (the ''CSSF'')
- CSSF Circular 14/585
- CSSF Circular 18/698
- Regulation 2019/2088 of the European Parliament on sustainability-related disclosures in the financial services sector

In summary, the Company has to establish, implement and maintain a remuneration policy which is consistent with and promotes sound and effective risk management, does not induce excessive risk-taking. The policy must be in line with the business strategy, objectives, values and long-term interests of the Company, including its environmental, social and corporate (ESG) goals and responsibilities.

All employees (the "Employees") of the Company shall be governed by the Policy. The Company has implemented 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 of the Company does not encourage or reward a risk-taking attitude by any Employee. The Company avoids conflicts of interest by producing internally documented clear and transparent procedures for determining the Employees' remuneration in accordance with regulatory requirements.

Furthermore, the Company ensures that the entities to which portfolio management activities have been delegated are subject to remuneration policies which are either compliant (i) with Annex II to the Alternative Investment Fund Management Directive, (ii) with EU Directive 2014/65/EU on markets in financial instruments (MiFID) or (iii) with EU Directive 2013/36/EU (Capital Requirement Directive III) as regards remuneration, or applying the same requirements as these regulations. The Company further ensures that remuneration policies followed by these entities appropriately take into account sustainability risk.

The Company shall comply with the AIFM Directive 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 Company (number of employees, total value of assets under management for the Company, total value of asset under management of each fund the Company manages) and the risk and complexity of his activities, the Company invokes the proportionality principle. By application of the proportionality principle, the following is 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.

For further details regarding Sustainability Risk in our remuneration policy, please refer to the section related to SFDR disclosures.