

Nomura Asset Management Europe KVG mbH

Details of remuneration policy and practice

(As at March 2021)

As a capital investment company, Nomura Asset Management Europe KVG mbH (“NAM EU”; “Company”) is obliged to set out remuneration principles pursuant to Section 37 of the KAGB (German Capital Investment Act). In this regard, the requirements on the remuneration system are specified in more detail in accordance with Annex II of Directive 2011/61/EU (AIFMD) and with Article 14a (2) and Article 14b (1), (3) and (4) of Directive 2009/65/EC (UCITS Directive). In addition, the “Guidelines on sound remuneration policies under the AIFMD” and “Guidelines on sound remuneration policies under the UCITS Directive” of the European Securities and Markets Authority (ESMA) apply.

Remuneration strategy

The remuneration strategy is consistent with the Company’s strategic objectives. It is linked to the policies, objectives and parameters in connection with the corporate governance of NAM EU. Remuneration is compatible with and fosters consistent and effective risk management and does not encourage risks to be taken that are incompatible with the risk profiles, contractual terms and conditions and articles of association of the AIF and UCITS under management.

Remuneration system

There are three types of remuneration at NAM EU: fixed salary, variable remuneration and fringe benefits (public transport season ticket, pension contributions, etc.).

The basic salary levels paid by NAM EU are appropriate in terms of ensuring that members of staff are not dependent on bonus payments.

Employees’ basic salary is essentially aligned with the value of the post and/or the function performed in line with market conditions. The skills, prior education and training and professional experience of employees as well as the requirements in terms of qualifications are relevant to the level of remuneration. Individual employee remuneration is determined, in the first instance, by the management board in consultation with the respective manager. In respect of individual adjustments to fixed annual salaries, the management board determines an annual total budget that is agreed with the owner, and while taking account of the risk profile and the business’s performance in terms of risk and earnings, also a bonus pool.

The amount of variable remuneration for each member of staff is dependent on his or her individual performance, the financial results of Nomura Group and also of the business unit within Nomura Group to which NAM EU belongs, as well as on the local contribution to earnings.

The management of remuneration at group level envisages variable components of remuneration above a specified total income level being spread over several years for all employees. This limit is determined annually by the group for all members of staff.

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Furthermore, in light of the principle of proportionality (small capital investment company with investment structures that are not particularly complex) the Company has currently elected – as is permitted – not to specify the following additional requirements:

- Payment of variable remuneration in instruments
- Specification of a vesting period
- Deferral and
- subsequent consideration of risk in respect of the variable remuneration

The executive management and those in charge of portfolio management are defined as “code staff”. No other employees have a (material) influence on the risk profile of the respective UCITS and AIFs. The variable remuneration of code staff employees is consistent with their responsibilities.

Members of staff working in the compliance and money laundering unit and risk management are defined as employees with control functions. The remuneration policy for employees with control functions reflects the tasks of the respective control functions (e.g. compliance, risk management, etc.). The variable remuneration components of employees with control functions are independent of performance in the business units that they monitor.

Integration of sustainability risks

NAM EU also considers the adherence to Company’s Sustainable Risk Policy by its employees, in particular portfolio managers. This assessment is based on both quantitative criteria (for example, financial performance of the individual and their business unit) and qualitative criteria (for example, holistic assessment of general adherence to certain policies and procedures). This assessment of compliance with the Sustainability Risk Policy will be carried out by the Head of Department of the employee and by the responsible managing director. In general terms, a positive or neutral assessment of overall compliance with the Sustainability Risk Policy would not in itself be expected to contribute to any additional variable remuneration being awarded to an individual employee. However, in extreme cases, a negative assessment of overall compliance by an individual portfolio manager with the Sustainability Risk Policy may result in a reduction in the variable remuneration amount which would otherwise have been awarded to that individual. The amount of any such reduction must be approved by the Company’s managing directors and the Remuneration committee.

Remuneration committee

Taking into account the size of the firm and the complexity and risks of the business, NAM EU does not deem it necessary to appoint a local remuneration committee. Instead, a number of years ago NAM EU assigned this task to its parent company within the group. The NAM EU remuneration committee comprises persons with the following job functions: management of the sole owner of NAM EU (Nomura Asset Management Co., Ltd (Japan)), members of the supervisory board of NAM EU, members of the management board and members of the HR department. The members of executive management are excluded from the process of deciding the remuneration of executive management staff.