

## **Remuneration policy**

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<b>Lastly updated and assessed</b>	Conducting Officer in charge of Compliance	21/12/2022
<b>Approved by</b>	Board of Directors	23/12/2022

## 1. Introduction

The present policy (the “**Policy**”) defines the principles regarding all type of remunerations within DNB Asset Management S.A. (“DAM SA” or “Company”). The Policy takes into account Directive 2009/65/EC as amended Luxembourg Law of 17 December 2010 relating to undertaking for collective investment, ESMA Guidelines on sound remuneration policies under the UCITS Directive as well as CSSF Circular 18/698.

DAM SA complies with the principles laid down in the reference legal and regulatory sources in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities. Besides, DAM SA endeavors to maintain a prudent balance between sound financial situation and the award, pay out or vesting of variable remuneration.

Background to this Policy is DNB Group’s remuneration instructions. Principles stated in this document fully applies to DAM SA; in case of conflict with the local policy, the latter shall though prevail. The present document may be amended as relevant DNB Group instructions get further adjusted.

## 2. Remuneration philosophy

This remuneration policy supports the DAM SA's prevailing strategies and values and contribute to the attainment of the DAM SA's goals. It inspires conduct to build the desired corporate culture with respect to performance and profit orientation, cooperation, mobility, reputation and ESG objectives.

The Policy contributes towards DAM SA's image as an attractive employer in addition to forming a common platform for business-focused solutions in the various business areas, employees and support units.

The Policy has been prepared in line with the business strategy, objectives, values and interest of DAM SA and UCITS funds under the management of DAM SA (the “**Funds**”). It ensures that DAM SA maintains and applies a sound and prudent remuneration process who does not impair compliance with the Company’s duty to act in the best interest of Funds, it guarantees that no unnecessary risk exposure is being taken by DAM SA employees or its counterparties in relation to Company or its Funds which would be inconsistent with risk profile of the Company and its Funds.

In addition to the governing rules listed here above, the present Policy is aligned with DNB Group’s remuneration instructions and principles. Principles stated in the DNB Group’s remuneration instructions are applicable to DAM SA’s as guiding rules. I case of conflict with the compulsory rules applicable to DAM based on law or regulations, the latter shall prevail. The present document may be amended as relevant DNB Group instructions get further adjusted.

### 3. Employees in scope

The Policy applies to all employees of DAM SA (on permanent and on temporary contracts) in line with the applicable laws and regulations, however the main focus is placed specifically on remuneration rules for “Identified staff”. Identified staff should be understood as staff whose professional activity have a material impact on the risk profile of the Company or its Funds.

In DAM SA, identified staff will be composed of senior management (the “**Management**”), employees responsible for risk management function, compliance function, portfolio management function, and sales representatives under the condition that the latter fall into the remuneration brackets of the Management and of risk takers.

The Management is composed of the conducting officers of DAM SA, duly authorised by Commission de Surveillance du Secteur Financier (the “**CSSF**”).

In DAM SA, control functions will include DAM SA employees responsible for the compliance function, oversight of the risk management function and of the internal audit function.

Further, other risk takers will be assessed based on their position to take decisions that materially affect DAM SA’s or its Funds’ risk position and/or whether such DAM SA’s employees’ total remuneration falls into the remuneration bracket of the Management.

On a yearly basis, an assessment shall be conducted and documented in order to identify all staff whose professional activities have or may have a material impact on the Company’s risk profile and thus are considered as Identified staff of the Company.

### 4. Alignment of remuneration principles to DAM SA’s scope of business and risk management strategy

DAM SA is a fund management company in Luxembourg, with a license as a management company in accordance with the provisions of chapter 15 of the Luxembourg law of December 17, 2010 on undertakings for collective investment, as it may be amended from time to time.

DAM SA is fully owned by, and functionally integrated in DNB Group, and does not have any branches nor subsidiaries. DAM SA scope of business is limited to the activity of the collective portfolio management including administration, marketing and investment management, with some of these functions being delegated within DNB Group and/ or externally i.e. towards non DNB Group related service providers.

Funds managed by DAM SA are limited to UCITS funds domiciled in Luxembourg. DAM SA does not have alternative investment fund manager license.

With this Policy DAM SA will ensure that the ratio between the fixed and variable components of the remuneration is appropriate. Furthermore, this Policy should allow the operation of a flexible variable remuneration.

It also bases on the consideration, independently of remuneration structures applied, the structural possibilities for undesired risk-taking attitudes by staff are actually rather limited.

DAM SA also aims to ensure that the principles of the conflict of interests policy of DAM SA along with the Code of Conduct of DAM SA are taken into consideration when deciding upon, and granting the variable and/or fixed component of the remuneration to the employees of DAM SA.

Taking into account DAM SA activities and the number of the staff, DAM SA applies the proportionality rules in relation to the following principles:

- a. no parts of the variable remuneration will be paid out in the form of the Fund's shares/units, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments, with equally effective incentives as any of the aforesaid instruments;
- b. no remuneration committee constituted;
- c. the assessment of the performance will not be linked to the long-term performance of the Funds, as DAM SA has delegated the portfolio management activity to DNB Asset Management AS, and it is the latter that advises the investors of the Funds on the appropriate timeframe for holding of the units/shares in the Funds.

The eligibility of DAM SA to benefit from the proportionality principle will be analyzed and documented on a regular basis and each time when one of the applicable criteria such as size, internal organization, nature, scope or complexity of DAM's activity) changes and taken isolated or in combination with other criteria does not allow DAM anymore to take a proportionate approach to compliance with remuneration requirements.

## 5. Main remuneration principles

In line with the relevant laws, guidelines and regulations, the monetary remuneration shall consist of:

- a. all forms of payments or benefits paid by DAM SA;
- b. any amount paid by the Funds, including performance fees;
- c. any transfer of units or shares of the Funds; and
- d. employee's development and career measures (courses and development programs, career programs and other non-monetary remuneration).

The remuneration structure for DAM SA should not encourage significant risk-taking behaviors. Total remuneration of DAM SA employee, excluding DAM SA control functions, is based on a total evaluation of the performance of the DAM SA, and the unit's and each individual's contributions to a value creation. It should be structured to ensure that it does not expose the DAM SA to unwanted risk.

DAM SA shall ensure that the ratio between the fixed and variable components of the remuneration is appropriate. This should be achieved by allowing flexibility in the operation of a variable remuneration. In addition, total remuneration should be competitive, but also cost-effective for DAM SA.

### 5.1 Fixed pay element

The fixed component of the remuneration for all employees shall be proportionate to their professional experience, responsibility, level of education, degree of seniority and required skills, complexity associated with the job position as set out in the employee's job description. It shall represent a sufficiently high proportion of the total remuneration, in order to allow a fully flexible application of variable components, including the possibility to pay no variable remuneration component. The remuneration of staff in the independent control functions should allow DAM SA to employ qualified and experienced personnel in these functions.

The fixed component of remuneration includes the fixed part of the salary, and any fringe benefits that may be contractually guaranteed to the employee, regardless his/her level of work performance. Such fringe benefits can include: pension plan and meal vouchers.

## 5.2 Quantitative and qualitative criteria; discretionary allocation basis

Bonuses are essentially meant to reward outstanding work performance.

Bonuses, which should promote sound capital base, long-term profitability and sustainability and take into consideration all types of current and future risks, are determined on the basis of performance of the individual against his/her financial and non-financial targets and the risks taken as well as the performance of DAM SA as a whole.

The variable remuneration schemes must be documented in accordance with the standard process for evaluation and remuneration, which involves setting and following up goals, as well as evaluation, decision-making and the allocation of variable remuneration at the end of the measurement period.

All concerned staff members are informed on the process and criteria used to assess their performance and their impact of DAM SA's risk profile.

They may partly be based on achievement of predefined individual sales and/or income targets. The following quantitative and qualitative elements shall be considered for deciding upon this discretionary part:

- DAM SA/DNB Group's overall performance;
- Consistency of employee's individual performance over past three years;
- Compliance with internal/external rules, including authorized risk limits and operational errors;
- Teamwork, interpersonal skills, etc.

Employees in charge of control functions shall not be entitled to variable pay elements (Bonuses) not to compromise their independence or to create conflict of interest in the advisory role linked to their function. However, they may be entitled to "Fixed Position Allowance" that is paid in addition to the fixed pay. Fixed Position Allowance is connected to the respective position the staff member in charge of control function has and will be subject to adjustment in the case he/she moves to another control position with a significantly different level of responsibility.

Board members with non-executive role are at this point not entitled to any financial (fixed nor variable) remuneration. Members of the Management will be compensated consistently with their achievements, expertise and responsibilities.

In all cases, it is emphasized that the final decision to allocate Bonuses and, if applicable, the size of the Bonus, is totally discretionary. This means that no recipient has a legal claim to be awarded/paid a Bonus, irrespective of the targets attainment of the individual employee, unit or DNB Group.

Employees that do not qualify as "Identified staff" will not be entitled to variable pay element (Bonuses). Nevertheless, the Management may, as the case may be and on ad hoc basis, reward outstanding work performance related to particular projects/assignments, as one-off payments.

DAM SA sales representatives are assessed on a yearly basis with both short- and long-term objectives being defined by the Managing Director of DAM SA. The criteria for the assessment of the sales representatives are in line with the aforesaid elements, and are decided on a discretionary basis, without exposing DAM SA and its financial situation at risk.

Concerned employees are required not to use personal remuneration-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

### 5.3 Quantitative caps to bonus payments

The board of directors of DAM SA (the “Board”) shall authorize on a yearly basis the total amount available for payment of Bonuses in DAM SA. Pay out of such amount should never put the overall solvency of DAM SA at risk and the cost of the capital and liquidity required shall always be taken into consideration.

DAM SA’s general rule is that no individual Bonus should exceed 100% of any employee’s fixed annual salary. Up to this cap, bonuses will be fully paid in the same year as allocated.

### 5.4 Form of bonus payments

As stated in the section D of this Policy, given the combination of size, scope and complexity of DAM’s activity and its internal organization, no payments of Bonuses in the form of – or linked to the evolution of the price of – DNB shares or other financial instruments are at this point considered.

### 5.5 Approval of fixed salary levels, salary increases, bonuses, leaving indemnities, etc.

Based on proposal from DAM SA Managing Director, the Chairman of the Board (the “Chairman”) shall approve all individual Bonus amounts and all salary increases.

The Chairman may however fully delegate this authority to the Managing Director of DAM SA of for “non-identified staff” (cf. section 2). The proposals from the Managing Director of DAM SA shall always be based on objective criteria subject to adequate controls incl. the 4-eyes principle.

The Chairman shall oversee the remuneration of the members of the Management as well as of the DAM SA’s control functions. The Chairman shall approve any material exemption made for individual staff members. Such exemption should not be based on gender or other discriminatory considerations and shall always comply with Luxembourgish laws.

Board members with non-executive role are at this point not entitled to any financial (fixed nor variable) remuneration.

Any “sign-on” bonus or indemnity for early termination of contract – including in cases of restructuring – shall also be approved by the Chairman. Such indemnity shall reflect performance achieved over time and shall never reward failure or misconduct. No indemnity for early termination of contract due to non-satisfactory individual performance may be contractually agreed in advance. Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and is limited to the first year of employment. The criteria for total remuneration should be known to all DAM SA employees, through the continuous assessment of DAM SA employees by the direct manager and ensure predictability.

Total remuneration should be communicated by the relevant manager to the individual employee.

## 6. Gender-neutral remuneration

All aspects of this remuneration policy are gender neutral and promote equal pay for equal work or work of equal value, regardless of the gender or any other personal characteristic. The remuneration packages of all employees are determined based on the position, the experience, the seniority, the education and the performance.

The gender pay gap will be monitored on a regular basis separately for:

- a. identified staff
- b. members of the authorised management,



- c. members of the BoD and
- d. other staff.

Any material pay gap between male and female members or diverse genders shall be documented and appropriate actions shall be taken if it cannot be demonstrated that the gap is based on objective and not gender related considerations.

## 7. Governance

### 7.1 The Management of DAM SA

The Management receives on monthly basis, the status on financial condition of DAM SA. The Management is responsible for assessing whether the financial condition reported requires any adjustments in the remuneration policy foreseen for relevant financial year. Such adjustments will be immediately reported to the Board for the latter to undertake necessary steps.

The Managing Director of DAM SA approves the remunerations of DAM SA staff.

DAM SA anticipates the upcoming risks for the Company becoming unable to maintain a sound financial situation.

In case any upcoming risks are identified that could compromise DAM SA's sound financial situation, a remediation plan may be put in place, including the review of principles and of application of the Policy. Such remediation plan can also be instructed by the internal audit further to the controls performed on the activity of DAM SA.

### 7.2 Board of Directors of DAM SA

The Board has an ultimate control over the application of this remuneration policy. The Board, through the regular reports received on a regular basis from the Management as well as from DAM SA compliance officer (the "Compliance Officer"), internal audit reports and/or further independent controls, ensures that the ultimate goal of having sound and prudent remuneration policies and structures is not circumvented.

The Board will ensure that DAM SA's remuneration policy is consistent with and promotes sound and effective risk management. This will be achieved by:

- its alignment with the business strategy, objective, value and interests of the management company;
- not encouraging excessive risk taking compared to investment policy of Funds under management;
- enabling alignment of the interests of the Fund under management and their investors with interests of Identified staff that manages such Funds;
- enabling alignment between the remuneration of staff members and sound financial situation of the Company.

The Board will review and approve any amendments to the provisions of this Policy.

Notwithstanding the above, the Board has a right to adapt the remuneration principles outlined in this Policy, should the financial condition of DAM SA and/or the Funds becomes at risk. Any such decision will be duly reflected in the minutes of the Board meeting.

The Board should aim to enable DAM SA to align the interests of the Funds and their investors with those of DAM SA employees in charge of the management of such Funds, and to achieve and maintain a sound financial situation. The Board may seek any verifications or contribution of all control function of DAM SA, its Management or any group entity from



DNB Group and/or the external service providers aiming to periodically review the implementation of this Policy, suggest points of amelioration and ensure accurate follow-up.

### 7.3 Compliance officer of DAM SA

The Compliance Officer being assisted by human resources department of DNB Luxembourg S.A. or human resources of DNB Group will ensure that day to day application of this Policy is in line with the business strategy, objectives, values and interests of the Company and it does not encourage excessive risk taking in relation to the Company or the investment policy of its Funds.

The Compliance Officer analyses how the remuneration structure affects DAM's Compliance with legal and regulatory requirements as well as with DNB group and DAM's internal policies. He/she proceeds yearly to an independent internal review of the Policy to ensure its compliance with internal and external applicable rules is always guaranteed.

The internal Audit function carries out an independent audit of the design implementation and effect of the Policy.

## 8. Responsibilities for implementation

The principles set in this document were designed and approved by the Board.

The Policy is also subject to the yearly review of the Policy. Any decision regarding amendment of the Policy will be duly reflected in a Board decision. Responsibility for implementation of this Policy is for the Board, with support of administrative and/or human resources staff as relevant.

Yearly control of effective implementation shall be the duty of the compliance function of DAM SA and internal audit function of DAM SA. Any findings related to the Policy shall be reported to the Board.

## 9. Conflict of interest

This Policy should restrain from creating any conflict of interests within DAM SA and/or in relation any relevant counterparty/investor of the Funds. DAM SA shall ensure that any such conflicts of interests are avoided, and shall they arise, the latter are duly reported to the Board with relevant actions being taken promptly, in accordance with DAM SA conflict of interest policy in place.

## 10. Delegation

Delegating investment management activity in relation to the Funds to a third party, DAM SA will ensure, through written agreements and regular due diligence controls, that the entity to which investment management activity is delegated is subject to regulatory requirements on remuneration that are equally as effective as those applicable to DAM SA. It will be also insured that the delegate has policy and procedures in place that ensure the proper application of legal and regulatory remuneration rules that are applicable to DAM. Such exercise shall be performed prior to the delegation of investment management activity and shall be repeated on ongoing basis by DAM SA conducting officer in charge of overseeing investment management function.

### 10.1 SFDR considerations

As per Article 5 of SFDR, financial market participants including UCITS Management Companies such as DAM SA are required to include in their remuneration policies

information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites. In light of the limited impact of the variable remuneration of the Identified Staff on the risk profile of the Funds and the nature of the business of the Company including the delegation of the investment management activity, the variable remuneration components are not based on the performance of the Funds, there is no risk of misalignment with the sustainability risks associated with the investment decision making process of DAM in respect of the Funds. Being however responsible for the delegated activity DAM SA will make sure that the investment manager adopts remuneration policies and procedures which are consistent with the integration of sustainability risks, if sustainability risks are integrated into the investment decision making process. Thus, the policies adopted by the delegated investment manager should foresee mechanisms to prevent excessive risk-taking with respect to sustainability risks and privilege performance based, risk adjusted remuneration.

## **11. Disclosure**

This document shall be made available in full to all employees of DAM SA at all times. DAM SA will also disclose all times on its website the details of the Policy in line with the requirements of Luxembourg's laws and circulars in the matter of remuneration.

## **12. Review**

This Policy will be reviewed at least on an annual basis, and every time when any organizational change within DAM SA leads to the change in DAM SA business strategy, objectives, values and/or interests. It should be ensured that any principles or future amendments of this remuneration policy are always in line with the applicable laws and regulations, and do not represent any deviation of the latter. The Management along with the Compliance Officer will be responsible for conducting such review and formulating suggestions for amendment (if any) to the Board. Any such review, including any amendments introduced to this remuneration policy, must be approved by the Board, prior to its applicability and execution.