

Remuneration Policy

Extract

Purpose and scope of the Remuneration Policy

OBAM Investment Management B.V. (“OBAM IM”) is of the opinion that sound and prudent remuneration practices will be an efficient tool to align the staff’s interests with the business strategy, corporate objective, values and long-term interests of OBAM IM and (the investors of) OBAM N.V. (“the Fund”). The purpose of the Remuneration Policy is to create sound and prudent remuneration practices for OBAM IM that are consistent with and promote the sound and effective risk management systems of OBAM IM and do not encourage excessive risk taking or risk taking which is inconsistent with the risk profile, (sustainable) investment strategy and fund documents of the Fund.

The Remuneration Policy outlines OBAM IM’s remuneration framework that includes among others: (i) OBAM IM’s remuneration principles, (ii) the different types of staff that OBAM IM distinguishes regarding remuneration, (iii) the remuneration measures that apply to Identified Staff, (iv) additional remuneration measures that apply to Control functions and (v) remuneration measures that apply to Delegates.

The Supervisory Board is responsible for approving and maintaining the Remuneration Policy and overseeing its implementation. The Remuneration Policy is adopted by the Supervisory Board. OBAM IM will evaluate the effectiveness of the Remuneration Policy at least annually, to safeguard compliance with laws and regulations. The Supervisory Board will perform an annual review and undertake the required updates if that would be the outcome of the review.

This document provides an extract of OBAM IM’s Remuneration Policy.

Remuneration principles

OBAM IM’s remuneration framework is based on the following remuneration principles:

- the remuneration framework is proportional considering the size of OBAM IM, OBAM IM’s internal organization and the nature, scope, and complexity of its business activities;
- the remuneration framework is in line with the business strategy, objectives, values, and interest of both OBAM IM and the Fund;
- the remuneration framework does not encourage excessive (sustainability) risk taking as compared to the investment strategy of the Fund. OBAM IM promotes, stimulates, and supports ethical and sustainable behavior, which also includes (sustainable) risk mitigation. Therefore, OBAM IM considers both (financial) results and ethical and sustainable behavior when determining the remuneration of staff;
- the remuneration framework enables OBAM IM to align the interest of the Fund and its investors with the interests of the staff and to achieve and maintain a sound financial situation;

- the remuneration framework allows OBAM IM to employ highly qualified and experienced personnel. OBAM IM considers markets practices when determining the remuneration components and remuneration level; and
- the remuneration framework ensures that OBAM IM will not discriminate (in)directly its staff members via the remuneration approach (e.g. unadjusted gender pay gap) but allows OBAM IM to value the contribution of each staff member within the context of his/her function.

Different categories of staff

The applicable remuneration measures vary per category of staff. OBAM IM distinguishes two categories of staff:

- **Identified Staff:** considering: (i) the definition of Identified Staff as outlined in the ESMA Guidelines on sound remuneration policies under the UCITS Directive (“**ESMA Guidelines**”) and (ii) the size, nature, scope, and complexity of its organization, OBAM IM qualifies all staff members as Identified Staff; and
- **Control functions:** considering the definition of Control functions as outlined in the ESMA Guidelines, the following staff members qualify as Control function:
 - staff who fulfils the Risk Management function;
 - staff who fulfils the Compliance function; and
 - staff who fulfils the Internal Audit function.

Additional remuneration measures apply to staff who qualify as Control function.

Components of the remuneration package

OBAM IM distinguishes different remuneration components to ensure an appropriate and balanced remuneration package for each staff member:

- **Fixed Remuneration:** which is based on the function and role of the staff member, thereby considering the professional experience, tasks and responsibilities, job complexity, market conditions and market standards.
- **Variable Remuneration:** which is based on the performance of the staff member, provided that (i) the fixed and variable part of the remuneration are appropriately balanced and that (ii) the fixed part is a sufficiently high proportion of the total remuneration to allow a flexible policy on Variable Remuneration, including the possibility to pay no Variable Remuneration at all.

OBAM IM does not make arrangements with staff members where Variable Remuneration is

guaranteed;

- **Pension schemes:** OBAM IM will offer its staff a defined contribution pension scheme. No additional performance related contributions can or will be made and there will be no link whatsoever between Variable Remuneration and the pension scheme;
- **Other benefits:** OBAM IM may offer its staff a company lease car, travel compensation or other (secondary) employment benefits.

Variable Remuneration

The decision whether to reward a Variable Remuneration and the amount of the Variable Remuneration will be based on the outcome of the formal year-end performance review of the staff member. Where Variable Remuneration is granted, it is always paid out in cash. OBAM IM does not pay out Variable Remuneration in shares of the Fund and/or other financial instruments.

In case that the Variable Remuneration amounts below a threshold as determined by the Management Board and the Supervisory Board (“**threshold**”), 100% of the Variable Remuneration can be awarded immediately. In case the Variable Remuneration exceeds the threshold, the Variable Remuneration is awarded in two parts: an immediate part (50%) and a deferred part (50%). The deferred part of the Variable Remuneration is paid out pro-rata the three years following the year of the award. The deferred Variable Remuneration vests each year when the performance of a staff member is assessed. The deferred part of the Variable Remuneration may be adjusted downwards based on an ex post risk assessment.

Malus and claw-back

In case of ‘bad leaver’ situations, in case of unlawful behaviour or misconduct or in case of any behaviour or action of the relevant staff member which has led to a substantial deterioration in the financial position of OBAM IM, a claw back or malus mechanism will apply by which any Variable Remuneration which is unjustified in hindsight, can be lowered or clawed back.

Severance payments

Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure. This does not preclude termination payments in situations such as early termination of the contract due to changes in the strategy of OBAM IM, or in merger and/or takeover situations.

Pay-out of severance payment is prohibited in the following circumstances:

- Early termination of the contract on the initiative of the staff member, unless early termination is a consequence of a serious imputable acts or omissions of OBAM IM;

- Serious imputable acts or omissions in the execution of the function by the staff member; or
- Failure by OBAM IM, if the staff member is responsible for the daily policy of OBAM IM.

The severance payment of a member of the Management Board will not exceed 100% of the annual Fixed Remuneration of such Management Board member.

Performance measurement

OBAM IM has a formal performance cycle which includes two phases: (i) initial target setting and (ii) year-end performance appraisals.

Initial target setting

The performance cycle starts with setting the performance criteria for the financial year. During the initial target setting clear and measurable key performance indicators (“KPIs”) are defined based on the performance criteria recognized by OBAM IM. OBAM IM distinguishes financial performance criteria and non-financial performance criteria:

- **Financial performance criteria:** promote growth and long-term incentives, rather than excessive risk taking with short term incentives. Financial performance criteria must cover a period which is long enough to properly capture the risk of the staff member’s actions. Examples of financial performance criteria are: (i) earnings before interest, taxes, depreciation and amortization, (ii) long-term excess performance of the Fund and (iii) overall development of assets under management, and specific contribution;
- **Non-financial performance criteria:** promote compliance with and contribution to OBAM IM’s/the Fund’s strategy, policy house and processes. Examples of non-financial performance criteria are: (i) achievement of strategic goals, (ii) contribution to corporate social responsibility, (iii) contribution to and/or promotion of the sustainable investment strategy of OBAM IM/the Fund, (iv) investor satisfaction, (v) compliance-attitude and (vi) risk-oriented.

A maximum of 50% of the KPIs may relate to financial performance criteria. Note that it is mandatory for all staff members to define at least one KPI regarding corporate social responsibility and one KPI regarding his/her contribution to/promotion of the sustainability investment strategy of OBAM IM/the Fund.

In addition to the process of deriving KPIs, staff also make agreements with respect to their own competence focus points, enabling and encouraging personal development.

For each staff member the KPIs and own competence focus points for the upcoming year will be documented in an individual performance and development plan. The performance and development plans for all staff, except for the Management Board, will be approved by the Management Board. The performance and development plans of the members of the Management Board will be approved by the Supervisory Board.

Year-end performance appraisals

OBAM IM monitors the progress and performance of staff members continually.

Once a year OBAM IM has a formal year-end performance review to summarize the performance of a staff member. OBAM IM assesses the accomplishments of the KPIs that have been agreed during the initial target setting phase. The performance of a staff member determines among others a potential salary increase and whether to reward a Variable Remuneration.

Additional remuneration measures Control functions

Additional remuneration measures apply to Control functions of OBAM IM:

- Control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- where Control functions receive Variable Remuneration, it should be based on function-specific objectives and should not be determined solely by financial performance criteria;
- the remuneration structure of Control functions must not compromise their independence or create conflicts of interest in their advisory role to the Management Board or Supervisory Board;
- the Supervisory Board oversees the remuneration for Control functions; and
- Control functions may not be placed in a position where, for example, approving a transaction, making decisions or giving advice on risk and financial control matters could be directly linked to an increase or decrease in their performance-based remuneration.

Remuneration measures Delegates

OBAM IM ensures that its remuneration measures also apply to staff of Delegates to which OBAM IM OBAM IM has delegated investment management activities and whose professional activities have a material impact on the risk profile of the Fund

To fulfil this obligation OBAM IM will review, as part of the delegation selection process, whether the Delegate has established and implemented a remuneration policy which is at least equivalent to this Policy. As part of the delegation monitoring activities, OBAM IM ensures that a Delegate informs OBAM IM regarding any amendments to its remuneration policy. OBAM IM will validate whether the Delegate's revised remuneration policy still complies with this Policy. Otherwise, OBAM IM informs its Delegate regarding any amendments made to this Policy and validates whether the Delegate's remuneration policy still complies with this revised Policy.

Governance

The Management Board of OBAM IM is responsible for:

- determine the remuneration package for each staff member who is not a Management Board member;
- determine the individual performance and development plan of each staff member who is not a Management Board member;
- review the performance during the year-end performance review of each staff member who is not a Management Board member; and
- determine whether a staff member who is not a Management Board member is eligible for Variable Remuneration.

The Supervisory Board of OBAM IM is responsible for:

- determine the remuneration package for each Management Board member;
- determine the individual performance and development plan of each Management Board member;
- review the performance during the year-end performance review of each Management Board member; and
- determine whether a Management Board member is eligible for Variable Remuneration.

The Shareholders of OBAM IM are responsible for:

- determine the remuneration package for each Supervisory Board member, based on a proposal by the Management Board; and
- approve the remuneration package of the Management Board members.

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