KBI Funds ICAV

Remuneration Policy

Remuneration Policy

Definitions

Central Bank	Central Bank of Ireland;
ESMA Guidelines	ESMA Final Remuneration Guidelines titled "Guidelines on Sound Remuneration Policies under the UCITS Directive" ESMA 2016/575;
ICAV	KBI Funds ICAV;
Identified Staff	categories of staff, including senior management, risk takers, control functions as defined under the UCITS Regulations and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the ICAV's risk profile;
The Board	the board of directors of the ICAV being the body with ultimate decision-making authority in the ICAV, comprising the supervisory and managerial functions, and responsible for the assessment and periodical review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with the obligations under the UCITS Regulations;
Remuneration	all forms of payments or benefits of any type paid by the ICAV, including performance fees, and any transfer of the shares of the ICAV in exchange for professional services rendered by the ICAV's Identified Staff;
UCITS	an undertaking for collective investment in transferable securities pursuant to the UCITS Regulations;
UCITS Directive	Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended and as may be further amended, consolidated or substituted from time to time;
UCITS Regulations	the European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended and as may be further amended, consolidated or substituted from time to time and

any regulations or notices issued by the Central Bank for the time being in force;

UCITS V Directive	Directive 2014/91/EU as may be amended, consolidated or substituted from time to time.

Remuneration Policy

1. General

For the purposes of this policy, the board of directors are deemed to constitute the Management Body of the ICAV in its Supervisory Function (as such terms are defined herein).

2. Purpose

This document sets out the remuneration policy of the ICAV, including the principles governing how the ICAV remunerates its "Identified Staff".

The ICAV has established this remuneration policy to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities

It does not set down specific monetary remuneration for relevant individuals as each remuneration package remains primarily the result of negotiation between the relevant individual and the ICAV. Rather, through adoption and implementation of the policies contained in this document, the ICAV seeks to demonstrate how it complies with the remuneration related provisions of the UCITS Regulations.

3. Adoption and Review

This remuneration policy has been adopted by the members of the Board (all of whom are non-executive) of the ICAV and any material or significant revisions to the remuneration policy require approval of such members.

On at least an annual basis, the members of the Board (all of whom are non-executive shall carry out a review of the general principles of this policy and are responsible for, and will oversee the, implementation of such principles.

The Board will ensure that this Remuneration Policy will at least annually be subject to central and independent internal review in accordance with the ESMA Guidelines.

4. Framework

It is the ICAVS's policy to maintain remuneration arrangements that (i) are consistent with and promote sound and effective risk management, (ii) do not encourage risk-taking that is inconsistent with the risk profile of the ICAV, (iii) do not impair compliance with the ICAV's duty to act in the best interests of its shareholders and (iv) are consistent with the principles outlined in Annex II to this remuneration policy. The ICAV's remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

(i) Identified Staff

The ICAV is responsible for identifying the members of staff who fall within the definition of "Identified Staff". The term "Identified Staff" is broadly defined in the UCITS Regulations and includes:

- senior management;
- risk takers;
- control functions; and
- employees in same remuneration bracket, whose professional activities have a material impact on the ICAV's risk profile.

The ICAV does not employ or second any staff. Accordingly, the ICAV has determined that the only individuals which fall within the definition of "Identified Staff" are Members of the Board of Directors.

(ii) Proportionality

The remuneration principles outlined in Annex II hereof are required to be compiled with by the ICAV in a way and to the extent that is appropriate to the ICAV's size, the ICAV's internal organisation and the nature, scope and complexity of its activities. See further below.

(iii) Delegation

In accordance with paragraph 16 of the ESMA Guidelines, the ICAV will ensure that (a) the Identified Staff of any investment manager appointed by it to discharge investment management functions (including risk management) are subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines or (b) contractual arrangements are in place between the ICAV and the relevant investment manager in order to ensure that there is no circumvention of the remuneration rules set down in the ESMA Guidelines.

For the purpose of this policy, the ICAV currently only delegates its investment management activities to KBI Global Investors Limited ("KBIGIL"). KBIGIL are regulated by the Central Bank for the provision of investment services under MiFID 2 Regulations.

The ICAV shall receive appropriate contractual confirmations from KBIGIL that (a) KBIGIL is subject to regulatory requirements on remuneration that are equally as effective as those applicable to the ICAV pursuant to the UCITS Regulations; and (b) KBIGIL's staff who are 'identified staff' for the purpose of the ESMA Guidelines are subject to those remuneration rules.

Should the ICAV ever appoint a delegate investment manager which is not subject to regulatory requirements on remuneration which are equally as effective as those applicable under the ESMA Guidelines, the ICAV shall maintain a record of the overview provided by the delegate investment manager of its remuneration regime, including any justification as to why its remuneration regime does not circumvent the provisions of the ESMA Guidelines.

5. ICAV Organisation and Activities

The ICAV is an open-ended umbrella type Irish Collective Asset-Management Vehicle ("ICAV") with limited liability and segregated liability between Funds registered with and authorised by the Central Bank of Ireland to carry on business as an ICAV, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) (as amended).

The sole object of the ICAV is the collective investment in transferable securities and/or in other liquid financial assets referred to in the UCITS Regulations.

The ICAV is an umbrella UCITS with 15 sub-funds. Further details of the sub-funds, the size of each sub-fund and their investment strategies, types of investments and leverage are set out in Annex 1.

(i) Organisational Structure

The ICAV's organisation chart is outlined in Annex 1 of this Policy.

6. Proportionality Principle

As noted above, the ICAV must comply with the UCITS Regulations' remuneration principles in a way and to the extent that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities. Accordingly, some UCITS can determine to meet the remuneration requirements through very sophisticated policies whereas others can do so in a simple and less burdensome way. The application of the proportionality principle may lead on an exceptional basis and taking into account specific facts to the disapplication of some remuneration principles for Identified Staff if that is reconcilable with the risk profile, appetite and risk strategy of the ICAV.

In considering in what way and to what extent the ICAV must comply with the UCITS Regulations' remuneration principles that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities we have considered it of assistance to have regard to the ESMA Guidelines and the guidance of regulatory authorities.

In assessing what is proportionate, the focus is on the combination of all the mentioned criteria (size, internal organization and the nature, scope and complexity of the activities) and, as this is not an exhaustive list, of any other relevant criteria.

The Directors of the ICAV have considered the following in determining whether to dis-apply some of the remuneration principles:

(a) Size of the ICAV

The size criterion can relate to the following:

- value of the ICAV's capital;

- the value of assets under management (including any assets acquired through the use of leverage) of the ICAV;
- liabilities or risks exposure of the ICAV; and
- the number of staff and branches or subsidiaries of the ICAV.

[The ICAV had an initial capital of Euro 300,000 which was subscribed by KBI Global Investors Limited for 300,000 non-participating management shares of Euro 1 each. The issued share capital of the ICAV as at 31st December, 2016 was approximately €1.6 billion.

The ICAV's only liabilities are payments due to service providers and other third parties, as set out in the Prospectus of the ICAV.

The ICAV does not have any staff and does not have any branches or subsidiaries. It is a self-managed UCITS.

Further details of the ICAV's sub-funds, the size of each sub-fund and their investment strategies, types of investments and leverage are set out in Annex 1.

(b) Internal Organisation

The internal organisation can relate to the following:

- legal structure of the ICAV;
- the complexity of the internal governance structure of the ICAV; and
- whether the ICAV itself is listed on a regulated market.

The ICAV is an open-ended investment ICAV with variable capital and with segregated liability between Funds, incorporated in Ireland on **June 9, 2004 u**nder the Act with registration number 387058.
The ICAV is structured as an umbrella fund consisting of different sub-funds comprising one or more Classes.

The Board of Directors of the ICAV is responsible for the internal governance of the ICAV, which structure is not considered to be complex.

The ICAV is not listed on a regulated market.

Accordingly, the ICAV views itself as a simple and non-complex UCITS.

(c) Nature, scope and complexity of activities

The nature, scope and complexity of activities can relate to the following;

- the type of authorised activity;
- the type of investment policies and strategies of the ICAV;
- the national or cross-border nature of the ICAV's activities.

As set out above, the ICAV is a self-managed UCITS and its sole object of the ICAV is the collective investment in transferable securities and/or in other liquid financial assets referred to in the UCITS Regulations.

The ICAV is an umbrella UCITS with 15 sub-funds. Further details of the sub-funds, the size of each sub-fund and their investment strategies, types of investments and leverage are set out in Annex 1.

The ICAV does not operate / provide services cross-border.

Details of the nature, scope and complexity of the activities of the ICAV are outlined in Annex 1.

In order to identify whether a remuneration committee is expected to be set up, the factors mentioned in (a) to (c) above need to be considered. When assessing whether or not the ICAV is significant, the ICAV must consider the cumulative presence of all the three factors (i.e. its size, its internal organisation and the nature, scope and complexity of its activities). A UCITS which is significant only with respect to one or two of the three above factors is not required to set up a remuneration committee.

Without prejudice to the foregoing, specific (non-exhaustive) elements to be taken into account when determining whether or not to establish a remuneration committee are:

- whether the ICAV is listed or not;
- the legal structure of the ICAV;
- the number of employees of the ICAV; and
- the ICAV's assets under management;

The ICAV is not listed on any stock exchange and does not have any employees. Details of the assets under management are set out in Annex 1.

(d) Conclusion

Taking all of the above proportionality criteria into account (i.e. the ICAV's size, internal organisation nature, the scope and complexity of its activities), the Board of Directors has decided to dis-apply the remuneration committee requirement. The Board is satisfied that this disapplication is reconcilable with the risk profile, risk appetite and the strategy of the ICAV and its sub-funds.

Finally, as the ICAV does not have any employees and it does not pay any variable remuneration to any of the directors of the ICAV (to include those directors who take responsibility for carrying out the management functions), the principles in respect of variable remuneration as outlined in the UCITS Regulations are not applicable to the ICAV.

7. Remuneration Component

As set out above, the only "Identified Staff" are the members of the Board of Directors of the ICAV.

There is no remuneration paid to the Directors of the ICAV, by the ICAV, other than to the Independent Non-Executive members of the Board.

The Independent Non-Executive members of the Board of Directors of the ICAV receive a fixed fee only and do not receive performance-based remuneration therefore avoiding a potential conflict of interest. The basic fee of an Independent Non-Executive Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the ICAV's complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Independent Non-Executive Board members' fees.

8. Internal Controls.

The ICAV has implemented adequate controls for assessing compliance with its remuneration policies and practices. This Remuneration Policy is periodically reviewed by the Compliance Officer who regularly assesses the adequacy of the measures put in place to avoid conflicts of interests. In addition, the outcome of the assessment and controls are regularly reported to the Board of the ICAV.

9. Disclosure

The general principles of the ICAV's remuneration policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure.
In addition pursuant to the UCITS Regulations' requirements, the following disclosures are required in the following documents:-

Prospectus of UCITS

The prospectus of the ICAV is required to include either:

(a) the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists; or

(b) a summary of the remuneration policy and a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.

A summary of the remuneration policy and a statement to the above effect will be disclosed in the prospectus of the ICAV and that such details will be made available on the website of the Investment Manager, www.kbiglobalinvestors.com

Key Investor Information Document (KIID) of UCITS

The KIIDs of the ICAV are required to include a statement to the effect that the details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, are available by means of a website – including a reference to that website – and that a paper copy will be made available free of charge upon request.

Annual Report of UCITS

The annual report of the ICAV is required to disclose the following additional information:

(a) the total amount of remuneration for the financial year, split into fixed and variable remuneration paid by the ICAV (including any performance fee paid for the benefit of any Identified Staff), and the number of beneficiaries;

(b) the aggregate amount of remuneration broken down by categories of employees or other members of staff as referred to in Regulation 24(B)(3) of the UCITS Regulations;

(c) a description of how the remuneration and the benefits have been calculated;

(d) the outcome of the reviews referred to in points (1)(c) and (1)(d) of Regulation 24 (B)(1) of the UCITS Regulations as outlined below, including any irregularities that have occurred;

(e) material changes to the adopted remuneration policy.

ANNEX 1

1. Nature Scale & Complexity of the ICAV's Business

Number of Funds

There are 15 sub-funds of the ICAV (each a "Fund" and collectively the "Funds") as follows:

KBI Institutional GRS Fund
KBI Institutional Global/Eurozone 50/50 Equity Fund
KBI Institutional ACWI Equity Fund
KBI Institutional Developed Equity Fund
KBI Institutional Emerging Markets Equity Fund
KBI Institutional Eurozone Equity Fund
KBI Institutional Global Equity Fund
KBI Institutional North America Equity Fund
KBI Institutional Energy Solutions Fund
KBI Institutional Water Fund
KBI Institutional Global ESG Equity Fund
KBI Institutional Global Sustainable Infrastructure Fund
KBI Eco Water fund (ICAV)
KBI Diversified Growth Fund
KBI Institutional EAFE Small Cap Equity Fund *(not launched)*

Size of ICAV and each Fund

Total assets under management of the ICAV at 31st December 2019 were EUR1.63 BN split across the Funds as follows:

Fund	Value
KBI Institutional Energy Solutions Fund	62,621,854.50
KBI Institutional Water Fund	496,180,017.13
KBI Institutional GRS Fund	23,355,080.67
KBI Institutional Developed Equity Fund	476,407,490.34
KBI Institutional Global Equity Fund	14,398,417.18
KBI Institutional 50/50 Global/Eurozone Equity Fund	24,500,552.26
KBI Institutional Emerging Markets Equity Fund	80,747,741.73
KBI Institutional Eurozone Equity Fund	70,730,308.33
KBI Institutional North America Equity Fund	156,314,285.50
KBI Institutional ACWI Equity Fund	119,518,616.96
KBI Integris Global Equity Fund	37,361,660.10
KBI Institutional Global Sustainable Infrastructure Fund	30,007,197.41
KBI Eco Water Fund (ICAV)	30,110,191.92
KBI Diversified Growth Fund	5,989,657.48
KBI Institutional EAFE Small Cap Equity Fund	Unlaunched as at 31/12/2019

2. Investment Strategies, Type of Investments and Leverage

KBI Institutional Energy Solutions Fund

The investment objective of the Fund is to generate the highest possible return for its shareholders by investing primarily in equity and equity-related securities of international companies involved in the alternative energy sector. This is reflected in its pursuit of capital gains and income. The Fund will not leverage itself through the use of derivatives and it is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional Water Fund

The investment objective of the Fund is to generate the highest possible return for its shareholders by investing primarily in equity and equity-related securities of international companies involved in the water sector. This is reflected in its pursuit of capital gains and income. The Fund will not leverage itself through the use of derivatives and it is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional GRS Fund

The investment objective of the Fund is to generate the highest possible return for its shareholders by investing primarily in equity and equity-related securities of international companies involved in environmental sectors. This is reflected in its pursuit of capital gains and income. The Fund will not leverage itself through the use of derivatives by exceeding an aggregate exposure of 100% of NAV. It is expected that the use of financial derivative techniques and instruments will not materially increase the Fund's expected low level of risk.

KBI Institutional Developed Equity Fund

The investment objective of the Fund is to generate the highest possible return for its shareholders by investing primarily in equity and equity-related securities of companies in the developed world which, in the opinion of the Investment Manager, offer a high dividend yield. This is reflected in its pursuit of capital gains and income. The Fund will not use derivatives for investment purposes and will not leverage itself through the use of derivatives.

KBI Institutional Global Equity Fund

The investment objective of the Fund is to invest in high yielding equities and equity-related securities of companies while achieving long-term capital growth and maintaining an adequate spread of risk by investing in equity and equity-related securities of leading companies listed or traded in Recognised Exchanges worldwide. The Fund will leverage itself through the use of derivatives, provided however that such leverage will not exceed an aggregate exposure of 100% of the Net Asset Value of the Fund. It is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional Global/Eurozone 50/50 Fund

The objective of the Fund is to invest in high yielding equities and equity-related securities of companies while achieving long-term capital growth while maintaining an adequate spread of risk by investing directly or indirectly in units of other collective investment schemes, which in turn invest in equity and equity-related securities of leading companies listed or traded on Recognised Exchanges worldwide. The Fund will leverage itself through the use of derivatives, provided however that such leverage will not exceed an aggregate exposure of 100% of the Net Asset Value of the Fund. It is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional Emerging Markets Equity Fund

The investment objective of the Fund is to achieve long-term growth by investing in a portfolio of global emerging market equity and equity-related securities with above average dividend yields with the Emerging Markets. This is reflected in its pursuit of capital gains and income. The Fund will leverage itself through the use of derivatives, provided however that such leverage will not exceed an aggregate exposure of 100% of the Net Asset Value of the Fund. It is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional Eurozone Equity Fund

The investment objective of the Fund is to invest in high yielding equities and equity-related securities of companies while achieving long-term capital growth and maintaining adequate spread of risk by investing in equities of companies incorporated in those member states of the European Union who are also members of the European Monetary Union ('Eurozone') and are listed on Recognised Exchanges in Europe. The Fund will leverage itself through the use of derivatives, provided however that such leverage will not exceed an aggregate exposure of 100% of the Net Asset Value of the Fund. It is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional North America Equity Fund

The investment objective of the Fund is to invest primarily, either directly or indirectly (through investment in financial derivative instruments and underlying collective investment schemes), in North American (US and Canada) equities and equity-related securities (including, but not limited to, warrants, rights which are issued by a company to allow holders to subscribe for additional securities issued by that company, ADRs and GDRs) listed or traded on Recognised Exchanges worldwide. At least 75% of the net assets of the Fund will be invested in securities which, in the opinion of the Investment Manager, offer a high dividend yield. The Fund will leverage itself through the use of derivatives, provided however that such leverage will not exceed an aggregate exposure of 100% of the Net Asset Value of the Fund. It is expected that the use of financial derivative techniques and instruments will not increase the Fund's risk level.

KBI Institutional ACWI Equity Fund

The investment objective of the Fund is to generate the highest possible return for its Shareholders by investing primarily in equity and equity-related securities of companies which are part of the MSCI ACWI Index and which, in the opinion of the Investment Manager, offer a high dividend yield. This is reflected in its pursuit of capital gains and income.

KBI Integris Global Equity Fund

The Fund's investment objective is to outperform the MSCI World Index and to achieve long-term growth by investing in a portfolio of equity and equity-related securities of companies located in developed markets.

KBI Institutional Global Sustainable Infrastructure Fund

The Fund's investment objective is to outperform the S&P Global Infrastructure Index and to achieve long-term growth consisting of capital and income return, by investing in a portfolio of equity and equity-related securities of companies operating in infrastructure related sectors.

KBI Eco Water Fund (ICAV)

The investment objective of the Fund is to generate the highest possible return for its shareholders by investing primarily in equity and equity-related securities of international companies involved in the water sector. This is reflected in its pursuit of capital gains and income.

KBI Diversified Growth Fund

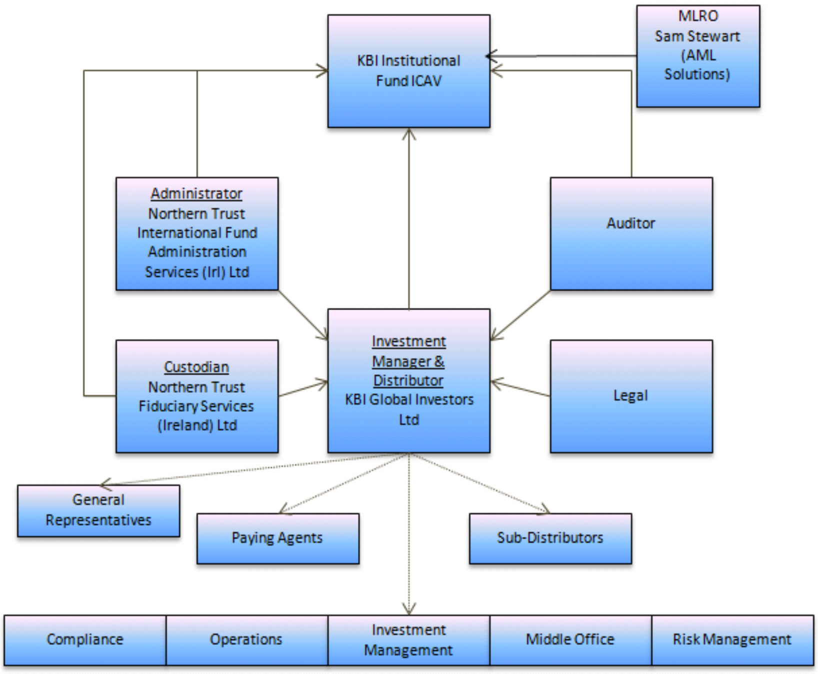
The investment objective of the Fund is to provide steady long term capital growth by investing in in a combination of collective investment schemes, which are designed to provide exposure (directly or indirectly through the use of financial derivative instruments) to various asset classes such as global equities and equity-related securities, global debt and debt-related securities, currencies and commodities.

KBI Institutional EAFE Small Cap Equity Fund

The Fund's investment objective is to outperform the Index and to achieve long-term growth by investing in a portfolio of small cap equity and equity-related securities of companies located in EAFE markets.

3. **Organisational Structure**

The organisational structure for the ICAV is set out in the following diagram.



ANNEX 2

Remuneration Principles as outlined in 24(B)(1) of the UCITS Regulations

1. When establishing and applying the remuneration policies referred to in Regulation 24A, management companies shall comply with the following principles in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:
(a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;
(b) the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;
(c) the remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation; provided that the tasks referred to in this sub-paragraph shall be undertaken only by members of the board who do not perform any executive functions in the management company concerned and who have expertise in risk management and remuneration;
(d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;
(e) staff engaged in 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;
(f) the remuneration of the senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such a committee has been established under paragraph (4);
(g) where remuneration is performance-related, the total amount of remuneration is based on an assessment of the performance of the individual and of the business unit or UCITS concerned, the risks of the UCITS concerned, and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria;
(h) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the payment of performance-based components of remuneration is spread over that period;
(i) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement of such staff;
(j) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

(k) payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
(l) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
(m) subject to the legal structure of the UCITS and its fund rules or instruments of incorporation not less than 50 %, or where the management of UCITS accounts for less than 50 % of the total portfolio managed by the management company, a substantial portion, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with incentives that are as effective as any of the instruments referred to in this paragraph. In respect of such variable remuneration component the management company shall establish and apply to the instruments a retention policy designed to align incentives with the interests of the management company and the UCITS that it manages and of the unitholders of the UCITS. The Bank place restrictions on the types and designs of the instruments or ban certain instruments as appropriate. This point shall apply to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;
(n) a substantial portion, which shall be not less than 40 %, or in the case of a variable remuneration component of a particularly high amount, not less than 60 per cent of the variable remuneration component referred to in paragraph (m), is deferred and vests no faster than on a pro-rata basis over a period which is appropriate in view of the holding period recommended to the unit-holders of the UCITS concerned, is correctly aligned with the nature of the risks of the UCITS in question and is not less than 3 years.
(o) a variable remuneration component referred to in paragraph (m), including any portion thereof deferred in accordance with paragraph (n)is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, of the UCITS and of the individual concerned, and shall be considerably contracted where subdued or negative financial performance of the management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
(p) the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages and in particular - If the employee leaves the management company before retirement, discretionary pension benefits in respect of the employee shall be held by the management company for a period of five years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (m), subject to a five-year retention period;
(q) staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
(r) a variable remuneration component is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in these Regulations.
2. The principles set out in paragraph 1 shall apply to any benefit of any type paid by the management company, to any amount paid directly by the UCITS itself, including performance

fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff (including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers) whose professional activities have a material impact on their risk profile or the risk profile of the UCITS that they manage.
3. A Management companies that is significant in terms of its size or of the size of the UCITS that it manages, its internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee (in accordance, where appropriate, with guidelines issued by the European Securities and Markets Authority under paragraph (4) of Article 14a of the Directive), which shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the management company or the UCITS concerned and which are to be taken by the management body in its supervisory function, be chaired by a member of the management body who does not perform any executive functions in the management company concerned, be members of the management body who do not perform any executive functions in the management company concerned. Where there is employee representation on the management body, include one or more employee representatives. When preparing its decisions, the remuneration committee shall take into account the long-term interest of the unitholders and other stakeholders and the public interest.