

Remuneration Policy

Manulife Investment Management (Ireland) Limited – Last Updated – March 2021

The Management Company adopts the following remuneration policy (“**Remuneration Policy**”) for persons determined under clause 1 below (“**Identified Staff**”).

The Board are directly responsible for the operating and organisational requirements of the UCITS Rules, as well as ensuring that the Management Company meets those requirements.

In addition to the requirements of the UCITS Rules, this Remuneration Policy also takes into consideration European Securities and Markets Authority’s (“**ESMA**”) Guidelines on Sound Remuneration Policies under the UCITS Directive¹ issued on 14 October 2016 (the “**ESMA UCITS Guidelines**”) and the UCITS Regulations. In addition, this Remuneration Policy includes information on how it is consistent with the integration of sustainability risks as required under Article 5 of the Sustainable Finance Disclosure Regulation (“**SFDR**”)² (together the “**Remuneration Requirements**”).

The Management Company has made an assessment of the nature, scale and complexity of its business in line with the Remuneration Requirements, and has determined that overall, its business activity is relatively low risk when compared to other fund management company structures.

1. Principles of the Remuneration Policy

- The Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Funds;
- The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company and the Funds and includes measures to avoid conflicts of interest;
- The Board is responsible for the implementation of the Remuneration Policy and will review it at least once per year;
- Staff engaged in control functions are compensated in accordance with the achievement of the objective linked to their functions, independent of the performance of the business areas they control;
- The Management Company seeks to encourage long-termism as a means of increasing value and the Remuneration Policy assesses the performance in a multi-year framework appropriate to the life-cycle of the Funds; and the Remuneration Policy excludes guaranteed variable remuneration except for the first year of appointment.

This Remuneration Policy shall apply (i) to any benefit of any type paid by the Management Company; (ii) to any amount paid directly by the Funds themselves (including carried interest and performance related fees (if applicable)); and (iii) to any transfer of interests of the Funds, made for the benefit of Identified Staff.

2. Determination of Identified Staff

This Remuneration Policy applies to those categories of staff, including senior management, risk takers, control functions, and any employee receiving total remuneration who fall within the remuneration bracket of senior management in addition to risk takers whose professional activities have a material impact on the risk profile of the Management Company.

The Management Company’s personnel are the board of directors and its employees. In accordance with the requirements of the Remuneration Requirements, the following persons are considered to be the “**Identified Staff**” of the Management Company, for the purposes of this Remuneration Policy:

- any member of the Board;
- the MLRO;
- the Company Secretary (of the Management Company);

¹ ESMA/2016/57.

² Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

- any FTE and/or Seconded Sales Staff whose professional activities have a material impact on the risk profile of the Management Company and/or the Funds;
- any FTE and/or Seconded Sales Staff who is receiving total remuneration that falls within the remuneration bracket of senior management; and
- PCFs

3. Principles of Remuneration of the Board and Control Functions

In preparing this Remuneration Policy, the Management Company has made an assessment of the nature, scale and complexity of its business in line with the Remuneration Requirements and has determined that overall, its business activity is relatively low risk when compared against other entities with similar fund structures under management. The Remuneration Policy complies with the principles set out in clause 1 above in a manner which is proportionate to the size of the Management Company, its internal organisation and the nature, scope, complexity of its activities.

The Board will not receive any variable remuneration in connection with their work as Board members, from the Management Company. The remuneration of the members of the Board that receive a fee for their services is set at a fixed amount. Such amount is set at a level that is on par relative to the funds industry market and reflects the qualifications and contributions required of the Board, in view of the Management Company's overall nature, scale and complexity. Mr. Thomas Murray receives additional fees in respect of his roles as Chairman and the OE Director of the Management Company, which are also fixed amounts set in accordance with the foregoing criteria.

In addition, the MLRO and Company Secretary of the Management Company (and those Designated Persons which are Seconded) are individuals provided for such services through companies which have contracted with the Management Company for such services and will not receive any additional fixed or performance-related remuneration from the Management Company in connection with the carrying out of their control functions. The individuals are paid directly by such separate entity and do not receive a fee directly from the Management Company, however the entities themselves are paid fixed fees or are paid on a time-spent basis by the Management Company for such services.

The Management Company has implemented a remuneration structure whereby the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration. The payment of any variable remuneration is fully discretionary, and follows processes established by the Manulife Financial Group. The Management Company retains the option to award no variable pay.

The Management Company does not offer guaranteed variable remuneration to any employees, including any member of the Board. The Directors are aware that the Management Company must not award, pay or provide any guaranteed variable remuneration unless the award is exceptional, occurs in the context of hiring new staff, and is limited to the first year of service.

The Management Company has assessed that the principles of remuneration of the Board and of the Control Functions, particularly the limited and discretionary nature of the variable remuneration, are not materially impacted by the performance of the Funds. In addition, the Identified Staff are not responsible for the day to day investment decision making in respect of the Funds. As such the Management Company considers that the principles of remuneration described in this Remuneration Policy are not inconsistent with the integration of sustainability risks on the investment decision making process of the Funds.

Where Identified Staff also receive pension benefit arrangements, these arrangements will be in line with the Management Company's risk appetite, business strategy, objectives, values and long-term interests including those of any client, the Funds or the investors in such Funds.

The Management Company's remuneration framework does not currently provide for payments related to the early termination of a contract. In the event that such payments may be provided in future, the Management Company is aware that such arrangements must be designed to reflect performance achieved over time and not in a way that rewards failure. This Remuneration Policy reflects the Remuneration Requirements in a way and to an extent which the Board deems appropriate to the size and internal organisation of the Management Company and the nature, scope and complexity of its activities. Taking into consideration the risk profile, appetite and risk strategy of the Management Company and each of the Funds, the Board has disapplied the requirements of the ESMA UCITS Guidelines (the "**ESMA Guidelines**" hereafter) in relation to certain matters, together defined as the "**Pay-out Process Rules**", covering variable remuneration in instruments, retention, deferral, and ex post incorporation of risk for variable remuneration.

The Board has noted that the ESMA Guidelines do not offer any guidance as to whether the application of the

proportionality principle enables companies such as the Management Company to disapply these requirements. However, in a letter to the European Union law-making institutions published alongside the ESMA Guidelines (the “**ESMA Letter**”), ESMA set out its view that it should be possible to disapply the Pay-out Process Rules or to apply lower thresholds under specific circumstances. In the absence of legislative amendment at European Union level, or clarification at Member State level, the Management Company has made its own assessment as to the application of the proportionality principle and in doing so has deemed it appropriate to consider ESMA’s views in the ESMA Letter regarding the circumstances in which the principle of proportionality may be relied upon.

This decision to disapply the Pay-out Process Rules will be reviewed regularly as part of the overall Remuneration Policy review.

3.1 Pensions policy

The Management Company’s pension arrangements have been developed in line with the business strategy, objectives, values and long-term interests of the Management Company and the Funds, and in particular:³

- if an employee leaves the Management Company before retirement, discretionary pension benefits in respect of the employee shall be held by the Manager for a period of five years in the form of interests of the relevant Fund concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with incentives that are as effective as any of the aforementioned instruments (“**Payment Instruments**”); and
- in the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of Payment Instruments, subject to a five year retention period.
- Pension arrangements are funded via a fixed percentage paid by the Management Company and additional voluntary contributions from staff. All pension arrangements provided by the Management Company will be in line with this Remuneration Policy and the Remuneration Requirements.

3.2 Personal hedging

Identified Staff will be prohibited from employing personal hedging strategies or insurance to undermine the risk alignment effects embedded in their remuneration arrangements. This prohibition will apply to deferred and retained performance-related remuneration.

Similarly, the Management Company will ensure that performance-related remuneration is not paid through vehicles or methods are employed which aim at artificially evading the provisions of Regulation 24B (1) (q) of the UCITS Regulations (amended by way of the UCITS Amendment Regulations 2016).

3.3 Payments related to the early termination of a contract

There is no provision currently in effect relating to remuneration in the event of the early termination of a contract. It is not the policy of the Management Company to reward failure.

4. Remuneration Committee

The Management Company has made an assessment of the nature, scale and complexity of its business in line with the Remuneration Requirements and has determined that overall, a remuneration committee is not required.

5. Application of the requirements of the Remuneration Requirements to Delegates

The ESMA Guidelines provide for a look-through of the remuneration principles of the Remuneration Requirements to delegates where the rules would otherwise be circumvented.

When delegating investment management functions (including risk management) according to Regulation 23 of the UCITS Regulations, where the remuneration rules contained in the Remuneration Requirements would otherwise be circumvented, the Management Company has an obligation to ensure that the sub-investment manager delegates are either: (i) subject to regulatory requirements on remuneration that are “*equally as effective*” as those applicable under the ESMA Guidelines; or (ii) that appropriate contractual arrangements are in place to ensure that the delegation arrangements do not circumvent the remuneration requirements contained

³ Regulation 24B (1) (p) of the UCITS Regulations (amended by way of the UCITS Amendment Regulations 2016)

in the Remuneration Requirements. In addition, the ESMA Guidelines address the principle of proportional application based on the nature, scope and complexity of the operations of a Fund. Where appropriate and in accordance with the application of the proportionality principle, the Management Company shall ensure the Sub-Investment Managers adopt remuneration policies and procedures which are consistent with the integration of sustainability risks into the investment decision making processes, if sustainability risks are integrated into the investment decision making process of that Sub-Investment Manager.

The Management Company shall seek periodic confirmations from each sub Investment manager that these policies are being complied with and the remuneration structures are not encouraging excessive risk-taking with respect to sustainability risks and remuneration is limited to risk adjusted performance.

The Management Company delegates investment management functions to the Investment Managers, and those Investment Managers may further sub-delegate investment management of all or a portion of each Fund (including, where relevant, a UCITS Sub-Fund) to different Sub-Investment Managers, the names of which are available in the accounts of the Funds in each financial reporting period.

5.1 Contractual arrangements

The Management Company will ensure appropriate contractual arrangements with the Sub-Investment Managers to ensure the Sub-Investment Managers' remuneration arrangements with regard to any Identified Staff do not circumvent the remuneration requirements contained in the Remuneration Requirements. Further the Sub-Investment Managers each undertake to ensure that its delegates ensure that their remuneration arrangements with respect to such staff also do not circumvent the Remuneration Requirements.

5.2 Equally as Effective

The Management Company, in line with the ESMA Guidelines, considers that entities subject to the remuneration requirements of the Capital Requirements Directive⁴ (“**CRD IV**”) are considered equally as effective as the Remuneration Requirements. In addition, the Management company considers CRD IV/MiFID firms (including firms still subject to CRD III and which have availed of exemptions available under CRD IV) to be equally as effective pursuant to prior guidance issued by the Central Bank on the same requirement under AIFMD.

5.3 Proportionality

The Management Company acknowledges that its delegates and sub-delegates may apply the ESMA Guidelines based upon the principle of proportionality and that accordingly certain or all of the requirements of the Remuneration Requirements relating to remuneration may be disapplied by them.

This approach in relation to Equally as Effective and Proportionality will be reviewed as necessary for any conflict with this position.

6. Review and amendments of the Remuneration Policy

The Remuneration Policy will be reviewed by the Board at least once per year or as otherwise necessary following the issuance of any further regulatory or industry guidance or legal clarifications that warrant such review and any necessary amendments to the then current policy will be made.

Any proposed amendment to the Remuneration Policy requires:

- firstly, an assessment of the proposed amendment by the CEO in accordance with the principles set out under clause 2 above (or, where the changes proposed related directly to the Designated Persons as Identified Staff, a Director); and
- secondly, approval by the Board, taken by a simple majority of those directors present or represented at the relevant meeting.

7. Disclosure

The Management Company discloses, without prejudice to confidentiality and data protection provisions, relevant

⁴ Directive 2013/36/EU.

information on the Remuneration Policy in its Annual Report, the Funds' Prospectus (or offering document) and Key Investor Information Documentation (where applicable).

At all times, this Remuneration Policy will be made available to Identified Staff and the information disclosed to the Identified Staff should be at least that which is disclosed externally as part of the Annual Report.

IMPORTANT INFORMATION

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