

Compliance Policy



Effective Date: November 2023

Mercer Global Investments Management Limited Remuneration Policy

1. Introduction

Mercer Global Investments Management Limited (“**MGIM**”) was incorporated on 8 March 2006 as a private company limited by shares and is authorised by the Central Bank of Ireland (the “**Central Bank**”) to act as the management company to a range of undertakings for collective investment in transferable securities (“**UCITS**”) and alternative investment funds (“**AIFs**”) as set out in Appendix 1 hereto (together, the “**Funds**”). MGIM has delegated portfolio management responsibilities to Mercer Global Investments Europe Limited (“**MGIE**” or the “**Investment Manager**”). Both MGIM and MGIE are wholly owned subsidiaries of Mercer Ireland Holdings Limited (“**Mercer**”) which in turn is a subsidiary of Marsh & McLennan Companies Inc. (“**MMC**”).

Given the nature of MGIM’s business, and the range of services and activities that it undertakes, a delegation model has been employed whereby MGIM does not have any direct employees. Resources are engaged by the Company pursuant to a Secondment Arrangement of employees from the Investment Manager and Mercer Ireland Limited with some supplementary services which continue to be provided under the existing Resource Sharing Agreement dated 13 May 2014 (the “**RSA**”), as amended from time to time, pursuant to which the Investment Manager makes available to MGIM sufficient appropriately qualified employees to discharge certain functions for MGIM thus enabling MGIM to leverage off the skills, experience and knowledge of specialised staff employed by MGIE. The board of directors of MGIM (the “**Board**”) monitors the adequacy and suitability of resourcing at delegate level through the receipt of the reports specified in MGIM’s programme of activity, and through the supervision and monitoring of its delegates. The delegation model, combined with dedicated resources made available to MGIM under the Secondment Arrangement and supplementary support through the RSA, enables the Board to carry out its responsibilities effectively and for MGIM to discharge its obligations as the manager of the Funds on an ongoing basis and in the best interests of investors.

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2. Purpose

The purpose of this Remuneration Policy (the “**Policy**”) is to elucidate on MGIM’s position in its capacity as the management company to the Funds in respect of the remuneration of Identified Staff (as defined below) and thus meet regulatory and legislative obligations in this regard.

3. Regulatory References

Consideration has been given to the regulatory requirements set out in the following:

- Directive 2009/65/EC as amended by Directive 2014/91/EU on Undertakings for Collective Investment in Transferable Securities (as may be further amended from time to time) (“**UCITS Directive**”);
- European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (S.I. No. 143 of 2016), (as may be amended from time to time) (“**UCITS V Regulations**”);
- Alternative Investment Fund Managers Directive 2011/61/EU (as may be amended from time to time) (“**AIFMD**”);
- European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) (as may be amended from time to time) (the “**AIFMD Regulations**”);
- European Securities and Markets Authorities’ (“**ESMA**”) guidelines on sound remuneration policies under AIFMD (ESMA/2013/232) and the UCITS Directive (ESMA/2016/575), as relevant (referred to as the “**ESMA Guidelines**” herein);
- Central Bank of Ireland AIFMD Q&A; and
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial service sector (the “**Sustainable Finance Disclosure Regulation**”),

(together, the “**Remuneration Rules**”).

In addition, this Policy, in conjunction with the MGIM Conflicts of Interest Policy, adheres to the Amendments to UCITS Level 2 and AIFMD Level 2 (Delegated Regulation (EU) 2021/1270 and 2021/1255 respectively) which require firms to consider “conflicts of interest that may arise as a result of the integration of sustainability risks in their processes, systems and internal controls. Those conflicts may include conflicts arising from remuneration, conflicts of interest that could give rise to greenwashing, mis-selling or misrepresentation of investment strategies and conflicts of interests between different UCITS managed by the same management company.”

4. Definitions

Definition of “remuneration”

The ESMA Guidelines define remuneration as consisting of:

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- (i) all forms of payments or benefits paid by MGIM;
- (ii) any amount paid by a Fund itself, which would include any portion of performance fees that are paid directly or indirectly for the benefit of Identified Staff and any carried interest; and
- (iii) any transfer of units or shares of a Fund;

in exchange for professional services rendered by MGIM's Identified Staff.

All remuneration can be divided into:

- fixed remuneration (payments or benefits without consideration of any performance criteria); and
- variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

5. Policy Statement

MGIM implements and maintains remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management and do not encourage risk taking which is inconsistent with the risk profiles, rules or the constitutional documents of either MGIM or any of the Funds. This Remuneration Policy includes all aspects of remuneration and is subject to Mercer's and MMC's general organisational requirements for remuneration ("**Mercer Remuneration Requirements**").

This Remuneration Policy applies to MGIM in its capacity as the management company of the Funds and certain Identified Staff (as defined below). None of the Board are currently in receipt of variable remuneration in respect of their services as a director of MGIM or in respect of the Funds. Accordingly, the detailed provisions of Article 14(b) of the UCITS Directive and Annex II of AIFMD relating to variable remuneration are not applicable with regard to the Board.

The Board members who are also employees of the Investment Manager (MGIE) or an affiliate of the Investment Manager, are remunerated in the context of that employment and do not receive any separate remuneration in respect of their services as directors of MGIM. The other independent directors receive fixed remuneration in respect of their services as directors of MGIM.

None of the Board are currently in receipt of a pension from MGIM in respect of their services as director of MGIM.

Following on from the above, whilst MGIM does not have direct employees, as the management company to the Funds it shall comply with the principles set out in Articles 14a and 14b of the UCITS Directive (as implemented into Irish law pursuant to the UCITS V Regulations) and Annex II of Directive 2011/61/EU (as implemented into Irish law pursuant to the AIFMD Regulations) in a way and to the extent that is appropriate to its size, internal

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organisation and the nature, scope and complexity of activities. Furthermore, the Remuneration Policy has been devised in line with the business strategy, objectives, values and interests of MGIM and the Funds, and includes measures to avoid conflicts of interest and ensure compliance with the ESMA Guidelines. It is trusted that the Remuneration Policy will dissuade Identified Staff from partaking in risk-taking which is inconsistent with the risk profile of MGIM or the Funds.

Pursuant to the proportionality principle, MGIM will comply with the ESMA Guidelines in a way and to an extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities. Where appropriate, the Board may determine that certain provisions of the Remuneration Policy can be disapplied, in whole or in part, where it is proportionate to do so.

Under the Sustainable Finance Disclosure Regulation, a financial market participant (such as MGIM) is required to include in its remuneration policy information on the integration of sustainability risks and how the remuneration structure is consistent with the integration of sustainability risks.

6. Policies and Principles

It is MGIM's policy that all remuneration is rewarded in a compliant manner and fully in line with regulatory requirements as specified in the UCITS Directive and AIFMD (as implemented into Irish law pursuant to the applicable regulations). As such, no Identified Staff will be rewarded for the acquisition of business profits and acumen which has been achieved via improper risk taking. MGIM will avoid creating any incentive for Identified Staff to take any inappropriate risk and will promote sound and effective risk management to fully discourage risk taking that exceeds the level of tolerated risk of MGIM and the Funds. In order to assist in achieving the discouragement of unacceptable risk taking, the below practices are in place within MGIM:

- Clear and comprehensive disclosures, which provide investors with the information they need to determine whether to invest in Funds, to monitor their investment and to make a decision whether to redeem their investment, based on the risk profile of the investment strategy of the relevant Fund;
- Robust valuation policies and procedures to provide for clear and consistent valuations of the investments in Funds' portfolios, with independent oversight provided by the board of directors of MGIM and the Funds and, where relevant, third party administrators and independent auditors;
- Comprehensive risk management processes to measure, monitor, report and manage the risks of the Funds, including the investment risks of the underlying funds into which the Funds invest; and
- A strong culture of legal and regulatory compliance, sponsored by senior management with specific policies to address conflicts of interest.

7. Integration of Sustainability Risks

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In order to ensure that MGIM's remuneration policies, procedures and practices are consistent with the integration of sustainability risks, MGIM's remuneration structure does not encourage excessive risk-taking with respect to sustainability risks. In order to achieve this, specific sustainability goals have been developed as disclosed in Mercer's sustainable investment policy and are included in Mercer's personnel's goals and objectives. All personnel within Mercer are expected to support the business in undertaking its activities in a responsible manner through the inclusion of sustainability considerations in their roles and in their decision making process and are expected to implement the key principles embedded in Mercer's sustainable investment policy which they are subject to.

8. Third Parties

When delegating portfolio management or risk management activities, the Board will ensure that there is no circumvention of the Remuneration Rules. In these circumstances the ESMA Guidelines require MGIM to be satisfied that such delegates are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the AIFMD or UCITS Directive, as relevant.

MGIM as the management company of the Funds has engaged MGIE to act as the investment manager to the Funds. In this role, the Investment Manager provides discretionary investment management services primarily utilizing a multi-manager approach to investing. The Investment Manager's approach is based on a proprietary multi-manager platform that consists of a carefully constructed array of investment products and solutions. Within this context, the Investment Manager manages a series of pre-defined investment strategies that differ by risk and potential return characteristics. Most of the Investment Manager's investment strategies employ delegation to multiple sub-investment managers to seek to achieve the desired diversification and risk characteristics. MGIE is subject to the obligations under MiFID II and all supporting requirements on remuneration, Investment Firms Directive ("IFD") and transposing legislation, ESMA Guidelines on certain aspects of the MiFID II remuneration requirements and EBA Guidelines on sound remuneration policies under IFD (the "EBA Guidelines") which are deemed to be equally effective as the AIFMD requirements as per the Central Bank Q&A on AIFMD. Subsequently, the AIFMD requirements are deemed to be equally as effective as the UCITS requirements under the ESMA Guidelines.

While many of the sub-investment manager delegates are authorised in the EU and subject to the remuneration rules under MiFID and CRD, it is MGIE's policy that all delegates appointed (based in both EU and non-EU jurisdictions) will be subject to contractual delegation arrangements with detailed investment restrictions and guidelines for managing risk and are remunerated on the basis of providing a service to MGIE and the Funds under such delegation agreements. MGIM is satisfied that the sub-investment managers are subject to remuneration requirements which are equivalent to the ESMA Guidelines or that appropriate contractual arrangements are in place with such delegates in order to ensure that there is no circumvention of the Remuneration Rules.

In addition to MGIE's wide processes outlined above, firmly established processes are in place to stop excessive investment risk. In terms of the delegation of portfolio management to the sub-investment managers, the discretion of the sub-investment manager delegates together with their risk-taking ability is strictly controlled within certain pre-determined narrow

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parameters and their investment decisions are rules-based. These parameters take the form of detailed investment restrictions and investment guidelines in the prospectus and the investment management agreement as agreed between MGIE and the delegate. The delegate is not permitted to manage outside of these parameters, and as such, cannot materially affect the risk profile of the Funds. These parameters are monitored by State Street Bank and Trust, which has been appointed for this purpose by MGIM and MGIE and which is independent of MGIE.

9. Conflicts of Interest

Individuals may act unfairly between clients if their remuneration structure encourages them to favour one Fund over another. MGIM considers all conflicts within its conflicts of interest policy to ensure that any relevant conflicts of interest can be managed appropriately at all times and remuneration is designed to ensure return is achieved in line with risk.

10. Identified Staff

The AIFMD Regulations and the UCITS V Regulations require MGIM to identify the categories of staff whose professional activities have a material impact on the risk profiles of MGIM or the Funds (“**Identified Staff**”). The Identified Staff for MGIM will be identified in accordance with the ESMA Guidelines having regard to staff who may have a material impact on the risk profile of any Fund managed by MGIM. MGIE is subject to stringent requirements on classifying staff as Identified Staff under the IFD and these requirements are applied by Mercer when determining the remuneration of all staff seconded to MGIM.

11. Governance

The Board is responsible for the design and implementation of the Remuneration Policy and reviews this on a regular basis as part of its supervisory function. The Compliance Officer is responsible for keeping the Remuneration Policy up to date and in line with applicable regulatory requirements.

The group human resource function is responsible for the day-to-day practical implementation of the Remuneration Policy in the context of its application to Identified Staff and provides an update to the Board on an annual basis on the functioning of this role in line with the requirements of the Remuneration Policy.

The AIFMD Regulations and the UCITS V Regulations require AIFMs or UCITS management companies that are significant in terms of (i) their size or the size of the funds they manage, (ii) their internal organisation and, (iii) the nature, scope and complexity of their activities, to establish a remuneration committee. Given that MGIM does not have any employees, the Board does not regard it as proportionate to establish a remuneration committee for MGIM itself. However, the MGIE Board has established the MGIE Remuneration Committee (“MRC”) to oversee the remuneration process which is in line with IFD which is the equivalent to UCITS/AIFMD requirements, and includes MGIM identified staff. This additional layer of governance structure ensures a robust oversight of reward and effective management of any potential conflicts of interest and ensures that no individual is involved in determining or approving their own remuneration, which is an intrinsic aspect of this Remuneration Policy and the Mercer Remuneration Requirements.

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The MRC oversees remuneration policies and procedures and provides an independent view into the remuneration decisions made. The MRC meets at least annually or as required throughout the year and, inter alia, is responsible for:

- Determining and agreeing the policy for the remuneration of, inter alia, Identified Staff that (i) is consistent with and promotes effective risk management and does not encourage risk-taking; (ii) is in line with the business strategy, objectives, values and interests of Mercer ; and (iii) includes measures to avoid conflicts of interest; and
- Undertaking a periodic review at least annually of the Remuneration Policy and the list of Identified Staff (where appropriate) – i.e. categories of staff including senior management, risk takers and control functions.

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The MRC is chaired by an Independent Non Executive Director (“INED”) and is composed only of non-executive members of the MGIE Board.

12. Disclosure

MGIM will make such disclosure concerning remuneration as may be required by law or regulation, including to the Central Bank through public disclosures on Mercer’s website and in the financial reports of MGIM and / or the Funds.

13. Policy Review and Approval

This Remuneration Policy is subject to the approval of the Board and is reviewed by the Board on at least an annual basis, or as and when required. While the MRC does not review MGIM’s Remuneration Policy it reviews the MGIE Remuneration Policy on at least an annual basis which is aligned with MiFID/IFD/IFR and therefore deemed equivalent to the AIFMD and UCITS requirements. MGIM considers the MGIE Remuneration Policy with regards to any updates made to this Policy.

Version Control:

| Version | Prepared by | Reviewed By | Approved by | Effective date |
|-------------------|-------------|---------------------|--------------------|----------------|
| Version 1 (AIFMD) | Compliance | MGIE Risk Committee | Board of Directors | July 2014 |
| Version 2 (AIFMD) | Compliance | MGIE Risk Committee | Board of Directors | October 2016 |

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| Version 2 (UCITS) | Compliance | MGIE Risk Committee | Board of Directors | October 2016 |
| Version 3 (Combined and SFDR updates) | Compliance | MGIE Risk Committee | Board of Directors | 23 February 2021 |
| Version 4 (Secondment, Amendments to UCITS & AIFMD Level 2 relating to integrating sustainability risk, MGIE – IFD) | Compliance | HR | Board of Directors | 22 September 2022 |
| Version 5 | Compliance | HR | Board of Directors | 14 November 2023 |

APPENDIX I – LIST OF FUNDS

1. MGI Funds plc and any sub-funds thereof
2. Mercer UCITS Common Contractual Fund and any sub-funds thereof
3. Mercer QIF Fund plc and any sub-funds thereof
4. Mercer QIF CCF and any sub-funds thereof
5. Mercer PIF Fund plc and any sub-funds thereof

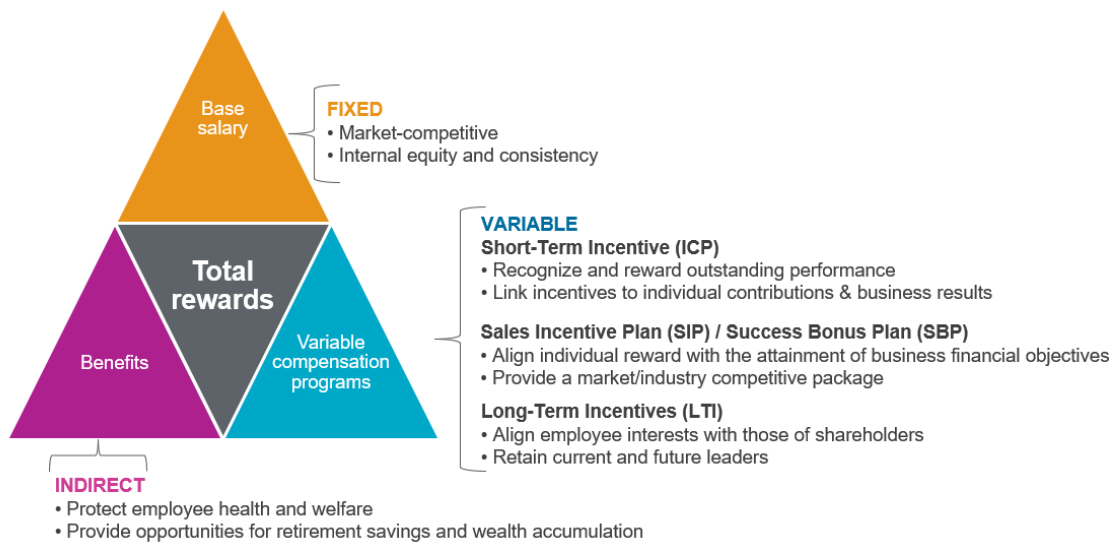
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Appendix 2

Methodologies for the Assessment of Variable Remuneration & Bonuses

Remuneration is governed at a global level with local management leadership team meetings to discuss and review remuneration, for example during the year-end performance review process. Mercer adopts the most conservative stance of only paying discretionary or formula bonuses based on income earned by Mercer in each calendar year.

Mercer's total rewards structure is comprised of fixed, variable and indirect remuneration. Eligibility for variable pay rewards will differ by colleague's role and level within the organisation, with senior colleagues eligible to participate in Mercer's Long-Term Incentive programme.



One third of rewards provided under the SIP and SBP¹ are deferred under the terms of these plans. LTI is awarded in year one and vests over a three year period. LTI may be awarded in

¹ It should be noted that MGIM does not have any sales staff and accordingly SIP and SBP do not apply. These have been included to provide a complete view of the variable remuneration framework.

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restricted stock units, performance stock units, stock options and/or restricted cash.

Eligibility is communicated to each colleague in contracts of employment and/or side letters, with details of the relevant plan(s) available in the plan policy documentation.

The Remuneration Committee (“RemCo”) and Human Resources with advice from Mercer’s Chief Compliance Officer, will regularly review the appropriateness of Mercer’s reward structures, particularly of variable remuneration, to ensure they promote sound and effective risk management and do not reward failure, that they do not encourage risk-taking that exceeds the level of tolerated risk for the firm and so as to avoid actual or potential conflicts of interest. Variable pay plans will be assessed against the remuneration principles and the Committee will determine if those plans are appropriately balanced from a risk perspective in terms of both the ratio between fixed and variable compensation and the structure and period of deferrals (both cash and stock), and make recommendations to the Board of Directors for changes where the Committee deems this appropriate. The Remuneration Committee on behalf of the Board will review and finally approve the individual remuneration of all Code Staff.

As a subsidiary company of Marsh McLennan, the firm broadly adheres to Marsh McLennan rules regarding remuneration and is subject to oversight by Marsh McLennan’s Compensation Committee.

Mercer’s Risk Committee will at least annually consider the implications on capital, liquidity and risks associated with variable remuneration, to ensure that it does not limit the firm’s ability to strengthen its capital base, and that any performance measure used to calculate variable remuneration components or pools thereof take account of and adjust for current and future risks.

Mercer follows the guiding principles established by Marsh McLennan for its compensation design, decisions and actions. The four principles are:

- **Aligning with stockholder value creation** with a focus on balancing risk and reward in compensation programmes, policies and practices;
- **Supporting a strong performance culture** through short-term and long-term variable compensation, with the ability to differentiate among individuals based on actual results;
- **Setting target compensation at competitive levels in markets where the firm operates**, with flexibility to recognise different business models and markets for talent; and
- **Maximising colleagues’ perceived value of the firm’s programmes** through transparent processes and communication.

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